



IN DEPTH: CENTRAL TEXAS MONEY GUIDE

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Charging ahead

Companies, banks target \$300B niche market

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Several Austin businesses are working hard to remove the "un" from the "unbanked."

The Federal Reserve estimates 26 million households do not have bank accounts. In addition, 40 million individuals either do not have a savings account or access to credit cards. Such individuals are called "underbanked."

The number of un- and underbanked individuals in the United States is estimated to be nearly 70 million. But it doesn't mean they don't have money. In fact, they generate a combined annual income of more than \$300 billion, which is one reason why turning unbanked individuals into customers is a growing industry. And Austin businesses aren't missing the opportunity.

Emphasizing convenience seems to be one of the keys to tapping into this market.

According to Roy Sosa, president and co-founder of Austin-based NetSpend Corp., many individuals are unbanked because they want to handle their money on their own terms.

"It's not that they don't have access to the banks; there are banks and ATMs everywhere," Sosa says. "The reasons why they are unbanked or underbanked are because people seek financial services that fit their lifestyles and their needs. They also want to control their spending and to limit their liabilities."

NetSpend is the country's largest and fastest-growing prepaid debit card processor and marketer. The company is making a huge impact among the unbanked and underbanked population by providing a proprietary prepaid MasterCard debit card.

Issued by Inter National Bank NA in McAllen, the NetSpend-powered card gives individuals who lack established credit or banking relationships a secure, flexible and convenient way to spend money.

Acquired at banks and nontraditional banking locations such as The Money Box, the prepaid MasterCard debit card provides users the convenience of a credit card without the need for a bank account or credit history. Card holders can make purchases anywhere in the world, including on the Internet.

Since its inception, NetSpend has opened more than 600,000 accounts and processed more than \$600 million in gross debit volume. In 2004, the company expects to process in excess of \$1 billion in gross debit purchases and sell more than one million accounts.

While NetSpend is focused on approaching the entire unbanked and underbanked segments of the population, other, more-traditional financial service providers are reaching out to specific ethnic groups.

Since 2001, Wells Fargo has made significant strides in reaching out to unbanked and underbanked individuals within Hispanic communities.

According to the Federal Deposit Insurance Corp., Hispanics in the United States have an estimated \$600 billion in

annually, mostly using wire transfers and money orders.

Wells Fargo's initial outreach program to the unbanked population within Austin's Hispanic community was launched to reduce crime, according to Rick Burciaga, regional president of Wells Fargo of Central Texas.

"A few years ago, the Austin Police Department approached us to help them fight crime against unbanked individuals who were carrying around large amounts of cash because they didn't have bank accounts," Burciaga says. "To help these individuals open accounts, we pioneered acceptance of the matricula [ID] card."

Since May 2001, Wells Fargo branches in Austin have accepted the matricula consular card as an acceptable form of photo identification for opening a depository account, which requires two forms of identification. Mexican consulates issue the matricula card to all Mexican nationals in the United States as proof of Mexican citizenship.

"As the country's most active bank on the Mexican-American border from Brownsville to San Diego, it just made sense to accept use of the matricula card to open accounts with our bank," Burciaga says. "To date, people have opened more than 500,000 accounts using their matricula cards."

Ultimately, it was the beginning of a much wider effort by Wells Fargo to reach out to Austin's Hispanic community.

Wells Fargo's customized banking programs work to build trust with Hispanic populations. The bank regularly sponsors and is involved in various community events and gatherings, including church functions.

Today, Wells Fargo, which operates 31 branches in Austin, also offers online banking in Spanish.

When it comes to speaking the language of prospective unbanked customers, few can match the skills of Garland-based United Central Bank. In September, United Central Bank will open a new 5,000-square-foot branch at 5816 N. I-35.

United Central offers banking services in Korean, Mandarin Chinese, Vietnamese, Urdu, Arabic and Spanish. Fahim Khan, who has served as vice president at United's Killeen branch since 1999, will lead the new United Central Bank in Austin. Khan speaks English and Urdu.

"We are part of the culture of our customers, which are primarily Asian business owners and consumers," says Greg Studer, chief operating officer at United Central Bank. "Many of our potential customers are unbanked. It's comforting and goes a long way to helping [these customers] overcome some of the apprehensions they have about banks when they come in and find someone who can visit with them in their language."

As a U.S. Small Business Administration preferred lender, United Central Bank actively seeks cities where Asian communities are strong and where the bank can be a good alternative to other banks for small to midsize businesses in the Asian community.

Based on U.S. Census Bureau data, Asians made up 4.5 percent of Travis County's population in 2000.

Niyanta Spelman, chairwoman of the Austin Asian American Chamber of Commerce, says she's excited about United Central Bank moving to Austin, given the bank's main focus on the Asian community and its ability to speak their diverse languages.

"By focusing on this market and literally speaking our languages, they are able to help aspiring businesspeople in our community overcome cultural and language barriers," Spelman says.

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