



PRESS RELEASE

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Remittance Flows Key to Tapping the Latino Immigrant Market

FOR IMMEDIATE RELEASE

Despite the significant growth of the Latino immigrant population in recent years, this market remains largely untapped by U.S. banks, according to an article published in the Winter 2004 issue of the FDIC's *Supervisory Insights* released today. "Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market" explores strategies used by some banks to capitalize on remittances-funds transferred to family in the home country-as a way to bring the unbanked into the formal banking system.

The article highlights the programs of the New Alliance Task Force (NATF), an initiative launched in the Midwest by the Mexican government and the FDIC, which includes banks, mortgage companies, community organizations and other regulatory agencies. The NATF has successfully brought Latino immigrants into the financial mainstream by promoting financial education and outreach programs and innovative banking products that serve unbanked immigrants. "Because of the success of the NATF, we are considering expanding this initiative to other parts of the country that are home to significant immigrant populations," said FDIC Chairman Don Powell. "Our goal is to forge public-private sector alliances that will help immigrants build financial security."

This issue of *Supervisory Insights* also describes two other areas of current supervisory emphasis at the FDIC. The article, "Economic Capital and the Assessment of Capital Adequacy," describes how a growing number of banking organizations, including regional and some community banks, are using economic capital models as a tool to help them quantify and manage risk and allocate capital commensurate with their business risk profiles. Bank examiners increasingly are called on to review and evaluate these models as part of their assessment of a bank's capital adequacy. Although examination guidance specific to the evaluation of economic capital models is limited,



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many principles integral to a more general review of an insured institution's capital analysis process do apply and are discussed in the article.

The article, "The Importance of a Loan Policy 'Tune-Up,'" emphasizes the benefits to banks of having an effective loan policy and provides guidance for reviewing and updating a policy. "From the Examiner's Desk" explains the key role of bank examiners in the real estate appraisal function and describes how the appraiser referral process works. "Accounting News" describes accounting procedures used by those insured institutions that participate in the various Mortgage Partnership Finance programs offered by several Federal Home Loan Banks.

Supervisory Insights provides a forum for discussing how bank regulation and policy are put into practice in the field, sharing best practices and communicating about the emerging issues that bank supervisors are facing. The journal is available online by visiting the FDIC's Web site at

<http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/index.html>.

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