

Appleseed

A Network of Public Interest Justice Centers



FOR IMMEDIATE RELEASE
February 3, 2009

CONTACT: Jeremy Cook
jcook@appleseednetwork.org

“Fair Exchange” Calls for Improved Remittance Practices Project Highlights Demand for Pricing Transparency

In an effort to help immigrant workers more effectively build financial assets – both for themselves and their families abroad – **Appleseed’s Fair Exchange** initiative has generated an important new report underscoring the value of pre-transaction price disclosures for international remittances. Titled *“Remittance Transparency: Strengthening Business, Building Community,”* the report can be [viewed here](#). A project summary and key findings are [available here](#).

According to current estimates, despite a slight decline in volume last year, remittances to the developing world reached nearly \$300 billion in 2008, an amount that surpasses even official foreign aid to many countries. More than 60 percent of Latin American immigrants in the U.S. remit money on a regular basis, 13 times per year on average. And in 2006, 41 states, including the District of Columbia, each sent more than \$100 million to Latin America alone.

As such, improved practices on the part of remittance service providers would not only help immigrants accumulate savings here in the U.S., but bolster economic development abroad.

“For families subsisting on such limited incomes, even small savings on remittance transactions can make a considerable difference in household budgets,” said **Betsy Cavendish**, executive director of Appleseed. “And given the extent of the financial crisis, these savings are more essential than ever.”

Indeed, more than 80 percent of respondents to the survey reported an annual household income of \$30,000 or less, even as the majority these customers sent remittances home at least once per month, at a median amount of \$350.

Michael S. Barr, a professor of law at the University of Michigan and cofounder of the International Transactions Clinic, noted the importance of this project. “Appleseed’s detailed research demonstrates the importance of pricing transparency for immigrants sending funds home to their families.”

Building on a 2007 **World Bank** report that recommends a set of guiding principles for fair and practical remittance operations, as well as [previous Appleseed reports](#) on financial access for immigrants and other low-income communities, Appleseed partnered with five leading remittance providers to examine the effect of implementing such policies. The resultant report

shows that improved pricing disclosures help immigrant workers and their families attain financial stability, while also honing a provider's competitive edge.

According to the study, 86 percent of respondents who checked the sample disclosure said they would like to see fees and exchange rates posted by banks and money service businesses, as overall service costs were revealed to be the top priority for customers who remit money frequently. In addition, the Appleseed report concludes that adopting improved disclosures may help providers prepare for the possibility of future regulation, as the federal government has pledged increased corporate oversight in response to the financial crisis.

Appleseed commends its five Fair Exchange partners for taking proactive steps to assess the benefits and market feasibility of offering improved disclosures.

Quoted in *American Banker*, **Daniel Ayala**, senior vice president for global remittance transactions at Wells Fargo, noted that remitters are now "shopping around for better value" and pointed to growing numbers of such customers at the bank during the past year.

Meanwhile, **James Maloney**, chairman of Mitchell Bank, noted that his bank's commitment to transparency and pre-transaction disclosure in its remittance services "has served to create trust and confidence in our institution, as well as other products and services offered to the immigrant community. As a result of our participation in Appleseed's Fair Exchange effort, transparency and full disclosure have now become core values of the bank."

Remittance Transparency is the last of three remittance studies produced under the "Fair Exchange" initiative. In addition to completing the series, "Remittance Transparency" is the second of three important financial access reports to be released by Appleseed between mid-December 2008 and early February 2009.

These reports take successively broader views of low-income populations and, cumulatively, call for more expansive financial services that address basic fairness and needs in these difficult economic times.

###

Appleseed

"Pro Bono's New Frontier" - American Lawyer Magazine

Appleseed is a nonprofit network of public interest justice centers and professionals dedicated to building a society where opportunities are genuine, access to the law is universal and equal, and government advances the public interest.