

Extra News

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Banking Relationships Established through Directo a México**Money Smart Week**by **Jessica Del Curto**

While the Federal Reserve is not at liberty to disclose just how much money is sent to México from the United States each year, Elena Whisler, project coordinator for FedACH International Services says it's a lot.

That's why, in 2001, President Bush and Vicente Fox, the former President of México, set up a directive called Partnership for Prosperity, which linked the Federal Reserve banking system with México's central bank, or Banco de México. This was designed to make sure the channel was competitive and secure when sending money from the United States to México, and allowed most U.S. banks and credit unions to send money through FedACH, the Federal Reserves clearinghouse.

In 2004, the FedACH International Services called the program Directo a México (Direct to México), and have since attempted to market the program to as many people as possible.

"Billions of dollars go out on a yearly basis to México from the United States alone," said **Azalia Gomez**, a branch banking center manager of the Pilsen **MB Financial Bank**. "16.6 billion in 2004 – that's a lot of money, and that's why we are doing this."

She said that through Directo a México, senders pay minimal fees in comparison to other currency exchanges or pay day loan services. They also get the most current rate of exchange, and those receiving the money in México are guaranteed it in pesos. The only requirement is the sender must have a checking account.

Unfortunately, that's the hesitancy for many people who live in Chicago and send money to their family in México, Gomez said.

"Many people are afraid to open a checking account here," she said. "Because in México, banks are not very popular. There was a default years ago and when the banks closed, all these people lost their money. Even out here, people aren't very trusting of banks."

This is why up and down 18th St., everywhere you look there is a cash house that allows you to send money back to México. But Gomez said those services will hit you with a fee every time your money goes through another wire exchange, and the receiver in México typically is also charged when they pick up the money.

"You get hit with fees here, and they get hit with fees when they receive it," she said. "Those fees start to add up. At MB Financial, we give eight free transfers to anyone who opens an account with us, and after that the fee is only \$5 every time you send money."

That fee is low in comparison to the \$15 to \$30 fees that many cash houses charge.

Directo a México is honored at most banks in both the United States and in México, so it isn't required that the receivers have the same bank as the senders. Bank account holders are also guaranteed that even if the bank closes, the money is insured.

"If you send cashiers check or a money order, it can get lost in the middle – and sometimes that can take weeks or even months to get your money back."

Another perk, said Gomez, is that through Directo a México, you are establishing a banking relationship, an important tool to create good credit. Most people don't realize how easy it is to open a checking account.

"All we require is a social security number and a second piece of identification, like a utility bill for instance. If they are Mexican immigrants without a social security number, we require a consular card," Gomez said.

"I can't begin to tell you how many accounts we have opened," she said. "We have been pretty successful, although there is still a hesitation for people to try out bank accounts."

For more information on Directo a México, visit www.directoamexico.com.