

Retrieved Jan. 4, 2007 from
http://www.nytimes.com/2006/12/30/nyregion/30card.html?_r=1&oref=slogin

December 30, 2006

Immigrants Wary of Banks Put Faith in New Card

By [STEVEN GREENHOUSE](#)

NEW BRUNSWICK, N.J. — Since coming to this country eight years ago, Jose Dimas has bristled at the \$8 fee he often must pay to cash his paycheck. He stewes over the \$10 charge he faces whenever he wires \$150 home to his parents in Mexico.

Daunted by the requirements to open a bank account, Mr. Dimas had long kept his savings hidden in his apartment, and had worried that his money would be stolen.

But now Mr. Dimas, 32, a food preparer at a catering company, has a new tool that has eased his discomfort with all things financial. It is a special debit card, provided not by a bank but by a nonprofit worker center here, enabling hundreds of immigrants without checking accounts or credit cards to keep their cash somewhere safer than beneath their mattresses. The card also makes it easier to shop at stores as well as online.

“This card is better for me for a lot of situations,” Mr. Dimas said. “You don’t have to pay those big charges to send money back to Mexico. And it will be much safer. I don’t like keeping my money in my home. Someone could go steal the money.”

The worker center, called New Labor, normally focuses on preaching about worker solidarity and safety, but after seeing all the hassles that immigrants face with finances, it pioneered the new debit cards. In a survey of 480 immigrants who were members of New Labor and similar worker centers, 47 percent said they had no bank accounts.

Since November, New Labor has provided cards to 200 immigrant members, including some who are here illegally. Three other centers — in Hempstead, N.Y., Chicago and Los Angeles — have begun offering the cards as well, and organizers say they hope to make them available to tens of thousands of immigrants at 140 worker centers nationwide within the next few years.

Several financial experts said the new debit cards — named “Sigo,” combining the Spanish word for “yes” and the English “go” — are an ideal tool for 30 million workers, both foreign-born and native, who lack bank accounts and often face high check-cashing fees and frustrating obstacles in paying bills.

Sigo cards can also help so-called “unbanked” immigrants develop financial sophistication and eventually move into the banking system, these experts said, perhaps to obtain a mortgage or small business loan.

“It’s not just about reducing your financial costs and making your financial life easier, it also helps give you opportunities to get ahead,” said Jennifer Tescher, director of the Center for Financial Services Innovation in Chicago, which provided a grant to develop the program. “It saves you time and makes more products and services available to you.”

Like department store gift cards, the Sigo card has stored value, but unlike those cards, it is reloadable, meaning more money can be added. Users can reload the cards by having paychecks deposited directly into their accounts or by making cash deposits — for fees ranging from 50 cents to \$5 — at a local pharmacy or worker center.

The Sigo card requires a PIN number and is affiliated with MasterCard, and can be used wherever MasterCard is accepted.

Cardholders face a maximum liability of \$50 if their cards are stolen.

In essence, Sigo cards create a checkless checking account, allowing bills to be paid over the Internet or by having companies deduct directly from the accounts. That can save significant time among a population of workers who often take a day off from work each month to trek from office to office to pay electricity, phone and rent bills in cash.

Janice Fine, a [Rutgers University](#) labor relations professor who was the main force behind the Sigo card, said it would probably please both conservatives and liberals because the cards encourage asset-building by making it easier for immigrants to save money, and because the worker centers can make money from the cards to help finance other programs. The cards generally cost \$4.95 to start and then \$2.50 a month, with the centers splitting those fees with the company that administers the cards.

“We were trying to develop a tool that would help immigrants with their finances and help worker centers with their finances,” Professor Fine said.

To develop the card, she worked closely with two nonprofit groups, the Center for Community Change and Community Financial Resources. Grants from the [Ford Foundation](#) and the Center for Financial Services Innovation financed a survey of immigrant members of the worker centers, which found that, on average, they earned \$15,600 a year and sent \$293 back home each month.

Many of the immigrants surveyed said they lacked the identification papers needed to open bank accounts, while others said they shunned banks because of hidden fees and the large penalties for bounced checks. Some immigrants said that banks’ hours and locations were inconvenient and some said they could not wait for a week for their paychecks to clear.

While many American banks require two United States government documents to open an account, immigrants can obtain a Sigo card with just one form of identification, including birth certificates, passports or other records from their home country.

One recent evening at the New Labor center here, Buenaventura Pacheco Lopez, a drywall worker, was getting his new debit card at the front desk. “This will make it easier to send money to my parents and kids in Veracruz,” he said.

Cardholders can send a second card to relatives abroad, who can then make withdrawals at a local A.T.M. Several workers said it cost \$15 to send \$300 to Mexico through Western Union. But with the Sigo card, the card’s sponsors say, it will cost about \$4.50 — the fee for using the A.T.M. in Mexico.

“This is definitely growing by word of mouth,” said Michele Gross, an organizer at New Labor. “They know us and they trust us as opposed to other institutions that they have less experience with, like banks, or that they’ve had bad experiences with, like check-cashing stores. They believe us when we say these cards are safer than carrying cash around.”

The cards are administered by the I.D.T. Corporation, a Newark-based company that specializes in phone cards and won the contract in a competitive bidding process among five companies.

Several worker centers plan to use the cards to help collect their dues — a chronic problem because many members are low-wage laborers with unstable employment and housing situations.

“It’s really hard as an organization to build up membership because of the general instability of our members,” said Nadia Marin-Molina, executive director of a similar center in Hempstead, the Workplace Project, which began distributing the cards this month. “We face some real challenges in building up our membership dues, and we’re really interested in seeing how the debit card can help us in that area.”

Companies like Western Union and Citibank already offer similar reloadable cards, but organizers at the worker centers say they believe they are better positioned to persuade immigrants to try their card. One of the biggest issuers of such cards is NetSpend, a Texas company that lets cardholders check their balances by cellphone.

“When people go from a cash-based payment system to an electronic-based payment system, it’s very empowering,” said Rick Savard, NetSpend’s chief executive

Hugo Cruz, 26, a cook from Puebla, in Mexico, obtained his debit card from New Labor two months ago and said he has used it to shop at supermarkets and buy an iPod online. He has asked his employer to deposit his paycheck directly into his account.

He said he was happy that his card helps support New Labor, where he takes free English and computer classes. “New Labor helped me, and with this, I help them,” Mr. Cruz said.

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