



Five Ways To Grow Your Business

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Summary: The percentage of immigrants as a share of the population has grown in the last 40Ys to 13.7% vs. 4.8% in 1970. We found 5 interesting ways that your peers are supporting their foreign-born community members, including alternative credit scoring, microbusiness loans, small-dollar loans, and more.

Today is St. Patrick's Day which means wearing green, eating corned beef and cabbage, and for those over 21, drinking Guinness beer, as we join the Irish in this cultural and religious celebration. In the US, we have come to adopt many customs of our immigrants, including St. Patrick's Day. But, immigrants provide much more as they become more intertwined in the American fabric.

According to Pew Research, as of 2018, there were 34.5MM foreign-born legal residents (aka immigrants) in the US. Staying true to our origins as a country of immigrants, the percentage of immigrants as a share of the population has grown in the last 40Ys to 13.7% vs. 4.8% in 1970.

Community financial institutions (CFIs) have been serving their immigrant populations for years, knowing that this not only boosts immigrants' opportunities in their adopted country, it also strengthens communities. Furthermore, [a study by the Wharton School of the University of Pennsylvania](#) has found that *"they (immigrants) are 80% more likely than native workers to become entrepreneurs...and account for close to 25% of patents..."*

We found 5 ways that your peers are supporting these community members with specific products and services, given the various financial needs represented by this diverse group.

1. Alternative requirements for mortgages. A Midwest \$1.4B CFI offers mortgages to immigrants who don't have a Social Security number, but file taxes using an ITIN, provided they have at least one year of credit history, a minimum credit score of 670, and two years of tax returns. This CFI also requires these clients to take an eight-hour homebuyer education class, which is valid for a year. The class provides financial literacy to the client while reassuring the institution of the client's commitment.

2. Alternative credit scoring. A \$1B asset CFI on the West Coast offers loans to immigrants who don't have US credit histories by looking at their debt-to-income ratio and payment-to-income ratio. This CFI also uses an alternative credit bureau to score an immigrant's ability to repay by analyzing debt repayment data from their cell phone, utility, and rent bills.

Another CFI in NY with \$350MM in assets looks at rent, utility, and other payments as well, to help build a credit history for those that may not have a traditional credit history. This approach has allowed them to expand the group of immigrants they serve.

3. Microbusiness loans. A \$4.4B CFI in New England not only offers financial literacy classes in multiple languages to immigrants for their personal banking needs, but also financial management classes to immigrants who own microbusinesses. Graduates of these classes taught by the institution's small business team are then eligible for a business loan of up to \$5K that can be extended to a \$10K line of credit.

4. Small-dollar loans. A Southern CFI with assets of \$4.7B offers competitive small-dollar loans so that immigrants don't have to resort to higher-cost payday loans. Individuals with a credit score of 550 or above can borrow up to \$1K, while those with a score below that can borrow up to \$500. To be eligible, individuals must demonstrate six months of continuous, verifiable income and attend a CFI-sponsored financial literacy seminar. Repayment of the loan establishes their credit history, and upon completion, individuals can apply for other loans.

5. Immigration loans. A \$1.6B CFI with branches in the Midwest and the West offers a number of immigration loans. Its citizenship loan covers the cost of the naturalization application and accompanying legal fees, if needed. Up to four immigrants within a family can be covered under one loan, which ranges from \$680 to \$1000 per applicant.

There are many ways to support immigrants within your community, but we thought these were worth sharing. However you choose to do it, we know you will service your communities well for continued growth and prosperity.

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