



Implementation Guidelines to develop financial corridors through Directo a México



Content

I. Background

What is Directo a Mexico?

Features

Participants in this working group

II. Objectives of the financial corridors

III. Implementation

Stage 1: Identification of the corridor

Stage 2: Identification of the participating financial institutions

Stage 3: Education and Training for participant financial institutions

Step 4: Initiating the corridor

STAGE 5: Feedback and results

IV. Contact information



I. Background

About Directo a Mexico

"Directo a México" is a service to send money from a bank account in the United States to any bank account in Mexico.

In response to the Partnership for Prosperity "Action Plan" in 2001 between Mexico and the United States, the Banco de México and the U.S. Federal Reserve agreed to study the possibility of linking both countries payments systems. This connection would create an efficient interbank mechanism to process payments between both countries that would be available to all financial institutions in both countries.

In October 2003, the Federal Reserve Banks and Banco de México established the payment systems in both countries as a way to send government pension payments to recipients in Mexico. As of February 2, 2004, commercial payments are able to be sent from any U.S. financial institution enrolled in "Directo a México" to any individual who has a bank account in Mexico.

Since July 2005, this payment channel has been registered with the name "Directo a México".

Features

- A bank account is required for both the individual sending the payment and the beneficiary receiving the payment.
- All fees are paid by the consumer sending money. There are no deductions or fees for the beneficiary in Mexico.
- The payment is initiated in U.S. dollars and converted into Mexican pesos using a highly competitive foreign exchange rate.
- The [foreign exchange rate](#) is based on the FIX minus 0.21%. The FIX is the inter-bank reference foreign exchange rate that is determined and published by the Banco de México every day.
- Currently, payments can only be sent from the United States to Mexico.
- In order to initiate a payment to Mexico, the beneficiary's CLABE account number (18 digits) or a debit card number (16 digits) is required.
- The Federal Reserve Banks and Banco de México control and regulate the infrastructure and operation of Directo a México.

Participants at the working group

- Institute of Mexicans Abroad (IME).
- Banco de México.
- Federal Reserve of Atlanta.
- National Savings and Financial Services Bank (BANSEFI).

II. Objectives of the financial corridors.

- Promote the use of financial services and in particular the mechanism of "Directo a Mexico."
- Through the mechanism of Directo a Mexico, it also seeks to promote the banking on both sides of the border since it requires that the people sending and receiving the money have an account so it inserts them into the formal financial system.



- Create business alliances between financial institutions in the United States and Mexico to provide financial services on both sides of the border and improve the living conditions of communities.
- Providing financial education to Mexican migrants, so they understand the benefits of inclusion and participation in the financial system on both sides of the border.

For the launch of Directo a Mexico in a financial corridor, there must be a participating financial institution in Directo a Mexico in the selected region in the U.S. and its counterpart in the community of origin in Mexico.

III. Implementation

In general terms the process for implementing a financial corridor is divided into five stages:

Stage 1: Identification of the corridor.

Stage 2: Identification of the participating institutions in Mexico and USA.

Stage 3: Education and Training for participating financial institutions.

Step 4: Initiation and launch of the corridor.

Stage 5: Feedback

The following describes each of the stages:

Stage 1: Identification of the corridor

Implementation of a survey or research project on both sides of the border in order to identify the largest concentrations of Mexican migrants in the U.S. and their respective communities in Mexico.

IME .- Through consulates, gives information on the number of matricula consular and size of communities, as well as other information about the hometown and migrant groups or congregations in USA. They take care of linking the working group with consulates and foreign clubs.

Bansefi .- Provides a survey conducted with members of L @ Red de la Gente (Credit Unions) and branches to identify which of them could participate in the corridor. Provide information and training to institutions intending to use the mechanism to pre-open accounts in the United States called Beneficiary Account Registration (BAR) as well as training for the use thereof.

Banco de Mexico and the Fed: Provides information and financial institutions in the United States to participate in the corridor. Provide tools and guidance for financial institutions in the United States that are interested in using the mechanism of Directo a Mexico.

Other institutions (Southwest Corporate, WesCorp, National Federation of Community Development Credit Unions): to promote and identify financial institutions in the United States who might be interested in participating in a financial corridor. Serve as liaison between them and the rest of the working group.

Stage 2: Identification of the participating financial institutions

Once we determined the feasibility of a corridor linking the city in the United States with a community in Mexico, is necessary to identify or financial institutions on both sides of the border



who could participate in the implementation process which must meet the following requirements:

- Have a specific interest in serving the remittance market to Mexico
- Being located in a high influx of migrants (or their relatives in the case of the institutions in Mexico).
- Having the technological and operational infrastructure necessary to access the mechanism of Directo a México.

In this sense, within the working group identified the financial institutions involved.

Stage 3: Education and Training for financial institutions

To be prepared for the launch is necessary that the institutions have the following:

U.S. Institution:

- Ability to send cross-border ACH payments via Directo a México (contract, technical testing etc).
- Contract BAR and technical tests. (if the U.S. financial institution wants to perform pre-opening of accounts)
- Complete the data sheet with basic information about the number of clients, branches, services etc.
- Send executive presentation of the institution.

Institution in Mexico

- Having the technology infrastructure for Directo a México.
- The Credit Union of L @ Red must have a contract signed with Bansefi.
- Complete the data sheet with basic information about the number of clients, branches, services etc.
- Submit executive presentation of the institution

Step 4: Launch

Participants:

- Consulate of Mexico in the Region of the United States where the Credit Union is based
- Financial institutions identified and their Corporate Credit Unions
- La Red de la Gente-BANSEFI
- BANXICO
- FED
- IME

1. Through the Consulate, establish collaboration with the appropriate club or federation to introduce the program.

2. Select a location accessible to the Mexican community.

3. Defines the location of stands with information of the program and the financial institutions participating at the event:



- a. Financial institutions participating in Directo a Mexico
- b. La Red de la Gente, BANSEFI
- c. IME-Banxico-Consular Services-Fed (Promoters Directo a Mexico)
- d. Other attendees FDIC, Appleaseeds, and so on.

It is recommended that you only have stands of financial institutions participating in Directo a Mexico.

4. Develop the agenda:

- Opening and welcoming remarks by Consul
- Presentation about Directo a Mexico (FED/BANXICO)
- Explained Bansefi and L@Red de la Gente alliance and possible connection (web cam) to communicate to families in both countries
- Participation of the financial institutions
- Requirements to open bank accounts
- Costs
- Services
- Opening of accounts

5. Dissemination

The Consulate distributes the agenda among the media that serve the Mexican community and are encouraged to participate in the event. The Consulate also calls the media to cover the event and press conferences are conducted to explain to the media the mechanism of Directo a Mexico.

The day of the event each institution has its promotional materials including brochures, stands, it is desirable to have Directo a Mexico banners, brochures and pens (The Fed, Banco de Mexico and the IME provided some materials).

Follow the corridor, continues to undergo workshops banking (opening of accounts by financial institutions participating in Directo a Mexico) on the date agreed by the Consulate officials and financial institutions.

STAGE 5: FEEDBACK AND RESULTS

Develop recap of the event to distribute among the participants.

Document the event through video, photos, etc.

Schedule regular appointments to monitor the results of the corridor.

Attachment: Working Plan



IV. Contact Information

Institute of Mexicans Abroad (IME)
Ana María Carrillo Soubic
Director of Economic and Community Affairs
(55) 36 86 58 43
acarrillos@sre.gob.mx

Lic. Sofía Orozco Aguirre
Assistant of Director of Economic Affairs
(55) 36 86 58 44
sorozco@sre.gob.mx

National Savings and Financial Services Bank (BANSEFI)

Elvia EspinosaCantellano
Commercial Director of Institutional Banking
(55) 54 81 34 28
eespinosa@bansefi.gob.mx

Celia EstevaRamírez
Technical Coordination Assistant
(55) 54 81 35 97
ceesteva@bansefi.gob.mx

Banco de México (BANXICO)

Alberto Mendoza
Payments SystemsSpecialist
(55) 52 27 88 52
amendoza@banxico.org.mx

FEDERAL RESERVE BANK OF ATLANTA

Jorge Jiménez
Project Manager (404) 498-7888
Jorge.Jimenez@atl.frb.org