



It's the best way to send money home.

Los Angeles, San Jose, and San Francisco

November 7 - 9, 2006

Today's Outline

- What is Directo a Mexico?
 - How it works
 - Value to U.S. financial institutions
- How it Works in Mexico
 - Payments channel
 - Value to receivers in Mexico
- Getting Started



Account to Account Transfers

- Uses existing ACH software and NACHA rules
 - CBR/PBR SEC codes
- Certainty of Payment
 - Next business day funds availability (by 2:30 p.m. CT)
 - Same day as U.S. settlement*
- Low cost
 - Per item surcharge of \$0.67 to U.S. financial institutions
 - U.S. financial institutions determine own fee to customers

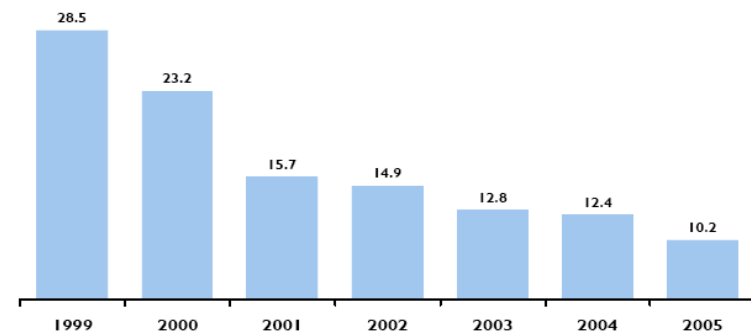
*Assuming not a bank holiday in Mexico.



Remittance Fees are Decreasing

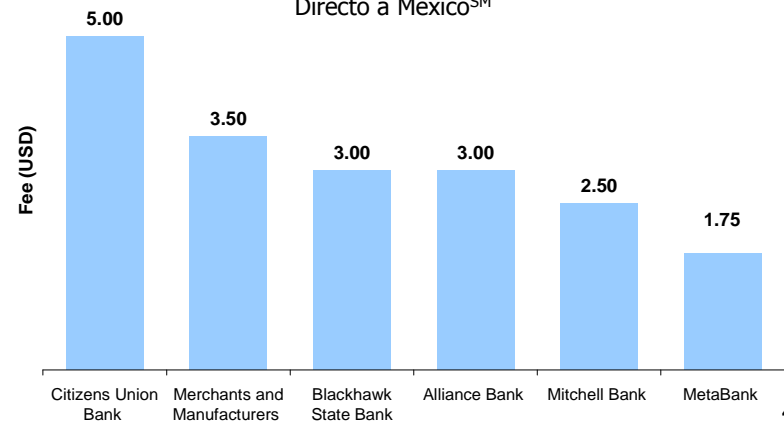
- The average cost for remittances has decreased more than 64% during last five years.
- It is now \$10 for a \$300 transfer.
- USODFI participants in Directo a México, generally charge less than \$5.

Costo Promedio de Envío de Dinero de EE.UU. a México
Envío de 300 dólares de una muestra de empresas
- dólares por envío-



Fuente: Con base en información de Profeco, Condusef y Banxico.

Fee charged by USODFI
Directo a MéxicoSM



More Pesos for Every Dollar Sent

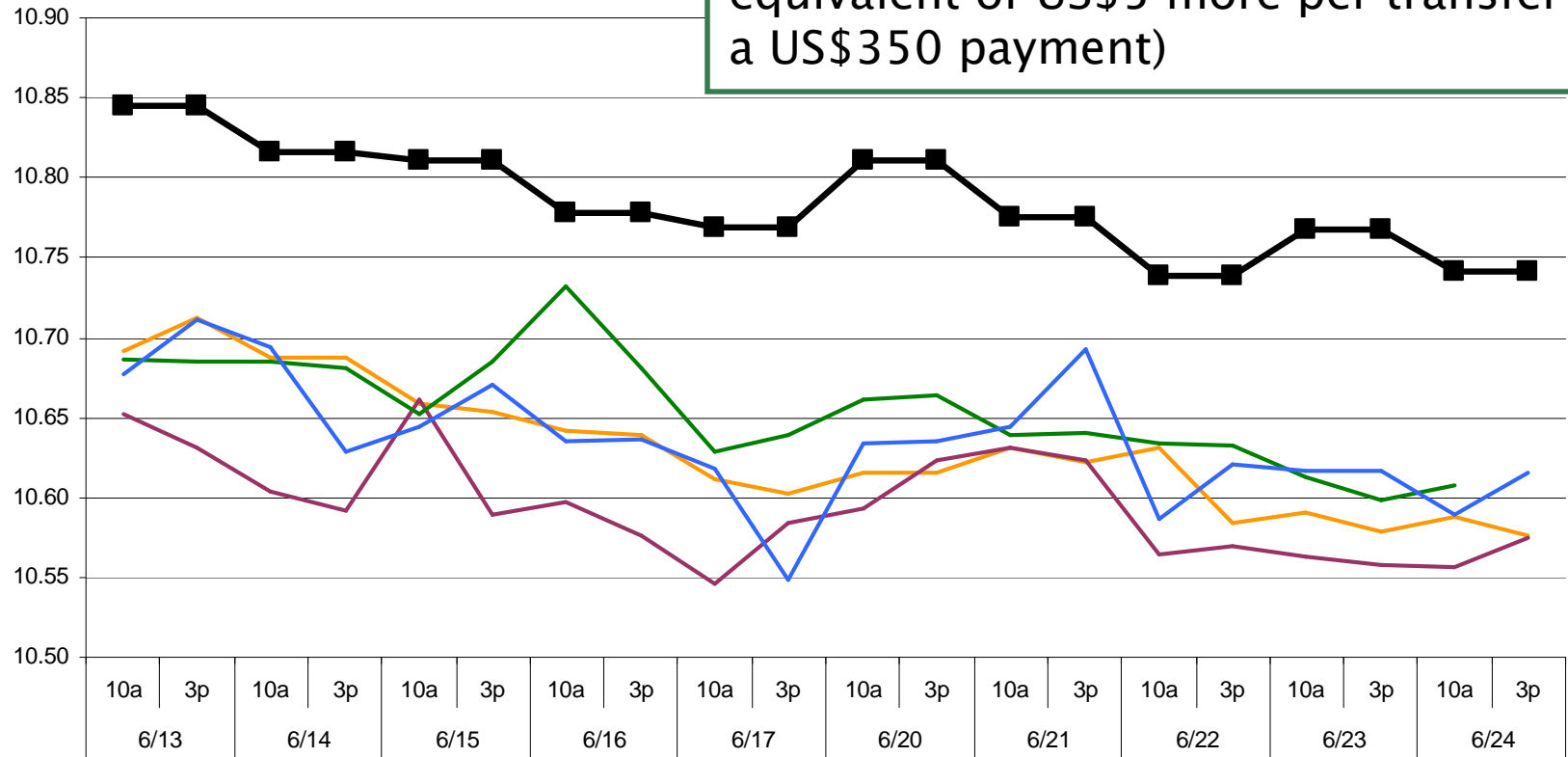
- U.S. dollar to Mexican peso conversion at highly competitive rate for every payment—regardless of amount
- Rate to consumer is wholesale rate (FIX) less 0.21% spread
- <http://minneapolisfed.org/fedachfx/index.cfm>



Foreign Exchange Savings

Directo a Mexico FX rates compared to data in Applesseed study on FX rates of other transfers for 2 week period in 2005.

“Banked Bonus” – Directo a México FX rate results in beneficiary receiving peso equivalent of US\$5 more per transfer (on a US\$350 payment)



— Texas Avg
 ■ Directo a México
 — Georgia Avg
 — Nebraska Avg
 — Illinois Avg₆

Study available at: <http://appleseeds.net/servlet/PublicationInfo?articleId=48>

More Value

- Financial institutions determine own usage and customer procedures
 - non / customer usage
 - limit(s) on payment value
- Access to Beneficiary Account Registration webpage
- Directo a México Marketing Kit – complimentary availability to all users



Directo a México Kit Helps Get Your Message Out

- Customizable, Spanish language materials oriented to consumer needs
 - Color poster
 - Color brochure
 - Lobby/tent cards
 - Text of radio spot
 - FX Information Sheet
- Customer Guide (market and promotional ideas for financial institutions)



Gateway to Mexican Payments System

- Direct, electronic access to all bank accounts at any of the Mexican commercial banks and other financial institutions
 - Banks: Banamex, Santander Serfin, BBVA Bancomer, Banjército, HSBC, Bajio, Ixe, Inbursa, Interacciones, Mifel, Scotiabank, Banregio, Invex, Bansi, Afirme, Banorte, AbnAMRO, Amex, Bamsa, BankBoston, Azteca, Bansefi, Ve por más, AUTOFIN, Barclays.
 - Brokerage firms: Monex, Masari, GBM, Value and Tiber.
 - Other 15 financial institutions are in the implementation process. These include: insurance companies, mutual funds and brokerage houses.
- Delivery to more than 41 million bank accounts in Mexico



Ease of Receiving Funds in Mexico

- Receiver can access funds:
 - in own account
 - in a branch (8,757 branches nationally)
 - at an ATM (24,323 across Mexico)
 - via point of sale terminal (229,507 nationally)
- No beneficiary deductions or lifting fees in Mexico
 - U.S. originator pays all fees for transfer to reach destination
 - Mexican banks do not charge beneficiaries to receive these payments



Mexican Electronic Interbanking Payment System (SPEI)

- SPEI is the Mexican real-time gross settlement system supported, administered, and regulated by Banco de México, the Central Bank of Mexico.
 - SPEI handles large and small value payments
- Complies with the more advanced international standards “Core Principles for Systemically Important Payment Systems (BIS, 2001)”.



Directo a México through SPEI

- RDFI required to post the payment amount in the beneficiary's account within 10 minutes following receipt.
- Since October 2003, Banco de México has processed more than 735,000 payments for an approximate value of \$295 million.
- Return rate is 0.25%.



Processing Tips

- Be certain about the ABM (Mexican Bank Association) number of the receiving bank.
- Get the right CLABE number of the Mexican Beneficiary: 18 positions. It can be obtained from the monthly balance statement. A CLABE verification calculation can be used.
- Get the right Debit Card Number (16 positions). Because this number changes when the card expires or is lost, we strongly recommend the use of the CLABE.
- If you or your customer contacts the Mexican bank directly, you must mention that you need the CLABE for sending a “Domestic transfer through SPEI or TEF”.
- The Beneficiary name must be included to avoid returns.



Location of CLABE Number on Mexican Bank Account Statement

Bancomer ESTADO DE CUENTA

NO. DE CUENTA : 346218828
 NO. DE CLIENTE : 1461234
 R.F.C. : 3462746767-1J8

PERIODO 01/01/2006 AL 31/01/2006

RESUMEN DE CUENTAS

CUENTA INICIAL	NO.	6922202094	SUCURSAL 18004 PZARSI DEL 01/02/2006 AL 28/02/2006
SALDO ANTERIOR	MX, P.S.	20,704.78	SALDO FINANCIO DEL MES
DEPOSITOS/ABONOS	MX, P.S.	549,715.04	SALDO TRANSCURRIDOS EN EL MES
RETROS/CAJONES	MX, P.S.	347,618.00	TASA PROMEDIO NOMINAL
SALDO ACTUAL	MX, P.S.	31.74	I.S.P. RETENIDO EN EL MES
		84,000.75	PAGO DE INTERES NOMINAL EN EL MES
			PAGO DE INTERES NOMINAL EN EL AÑO
			I.V.A. COMADO

CLABE: 021180040222870980

DETALLE DE MOVIMIENTOS

DEBERA HACER DEL CONOCIMIENTO
012 180 00482108828 3

INFORMACIONES ADICIONALES

1. LOS INTERESES Y COMISIONES DE ESTE PERIODO APARECERAN REFLECTADOS EN LOS MOVIMIENTOS DE SU CUENTA.

2. SI USTED RECIBIÓ PAGOS A TRAVÉS DE TRANSFERENCIAS ELECTRONICAS DE FONDOS INTERBANCARIOS (ENVIAMOS EL O' LOS PAGOS RESPECTIVOS), EL MÓDULO DE CUENTA QUE A CONTINUACION SE MUESTRA, ASÍ COMO EL NOMBRE DE ESTE BANCO.

3. DURANTE 2006, LOS DEPOSITOS, PRESTAMOS Y CREDITOS QUE SE REFIEREN A LAS FRACCIONES I Y II DEL ARTÍCULO 10 DE LA LEY DE INSTITUCIONES DE CRÉDITO, SE CONTINUARÁN CONFORMANDO ESTAR GARANTIZADOS POR EL INSTITUTO PARA LA PROTECCIÓN AL AHORRO BANCARIO PARA POR UN MÍNIMO TÍPICO EQUIVALENTE A CUATRO CIENTOS MIL DÓLARES POR CLIENTE. LAS OBLIGACIONES GARANTIZADAS DOCUMENTADAS EN TÍTULO NOMINATIVO SUJERAN CUENTAS SIEMPRE Y CUANDO LOS TÍTULOS NO HAYAN SIDO REPOSICIONADOS.

666040001292374

BBVA Bancomer, S.A. INSTITUCIÓN DE BANCA MULTIBANCA SUCURSAL GUADALAJARA
 Av. Universidad 1800, Col. Jardines del Bosque, C.P. 44160, G.J. Jalisco

SAMPLE

HSBC Estado de Cuenta

El banco local del mundo

COMP: 32514324
 CYE:
 RFC: 888904022287098
 CTIA: 242598
 CONSEC: 242598
 NOVA: 3

RESUMEN DE CUENTAS

CUENTA INICIAL	NO.	6922202094	SUCURSAL 18004 PZARSI DEL 01/02/2006 AL 28/02/2006
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CLABE: 021180040222870980

DETALLE DE MOVIMIENTOS

CLABE: **021180040222870980**

INFORMACIONES ADICIONALES

Todas las compras que realices con tus Tarjetas de Débito o Crédito de HSBC participan gratis y automáticamente en Boletazo según 9-0180-2003

Pregunta por Crédito Personal de HSBC: la forma más fácil y cómoda de girar efectivo.

lanzamos el 2006 con una nueva dirección Torre HSBC Reforma 347

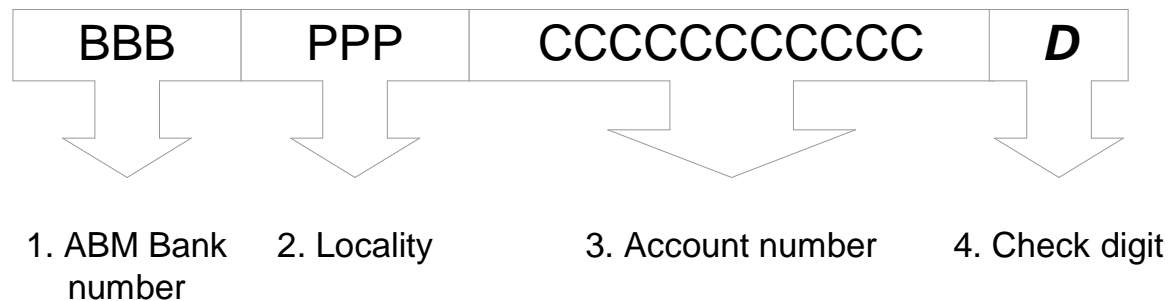
SI NECESITA UNA LLAMADA DIRECTAMENTE PREVIOS, OFERTAS O PROMOCIONES, A NOMBRE DE HSBC, O LE SOLICITAN DATOS COMERCIALES COMO NOMBRE DE EMPRESA, RAZÓN SOCIAL, TIPO DE ACCESO O SERVIDOR, PARA ENTREGARLE EL PRODUCTO, EVITELO Y CONSULTA LA VALIDEZ DE SU INFORMACIÓN EN LAS SUJERENCIAS HSBC, EN LÍNEA, SIEMPRE LLAMANDO AL 9 701 3700 EN LA CIUDAD DE MEXICO O AL 01 800 712 48 25 DEL INTERIOR DE LA REPUBLICA SIN COSTO O EN WWW.HSBC.COM.MX

SI DEBE RECIBIR TRANSFERENCIAS INTERBANCARIAS A TRAVÉS DE LOS SISTEMAS TRANSFERENCIAS ELECTRONICAS DE FONDOS (TEF) O FICHA 2 CONSULTA SI DEBE PROPORCIONARLE A LA PERSONA QUE HAGA EL DEPÓSITO EL NOMBRE DE ESTA INSTITUCIÓN Y SU CLAVE ORIGINARIA ESTANDARIZADA, MUY IMPORTANTE EN EL ENCABEZADO DE SU ESTADO DE CUENTA CON EL NOMBRE CLABE. EN CASO DE DUDA, LE SUJERIMOS CONTACTAR A SU EJECUTIVO O ACQUIRIR A CUALQUIERA DE NUESTRAS SUJERENCIAS.

SAMPLE

CLABE (Clave Bancaria Estandarizada).

- o The Mexican banking system has established a unique 18 digit number to identify account holders. This unique number guarantees the correct posting of the funds transfers. It incorporates the standard account number with additional bank information. The structure is shown below.



CLABE structure

- | | |
|---------------------|----------------------------------|
| 1. BBB | ABM Bank Number; 3 digits. |
| 2. PPP | Locality; 3 digits. |
| 3. CCCCCCCCC | Check Account number; 11 digits. |
| 3. D | Check digit. |





Getting Started



Tools

- “Guide to a Successful FedACH International[®] Launch” (1 page)
 - <http://www.frbervices.org/Retail/pdf/FedACH-IntGuideSuccessLaunch.pdf>
- Mexico Service Manual–formats and more
 - <http://www.frbervices.org/Retail/pdf/FedACHiMxManual.pdf>
- Updated daily & historical foreign exchange rates
 - <http://minneapolisfed.org/fedachfx/index.cfm>
- IADB Study on Remittances to Latin America
 - http://www.iadb.org/news/docs/remittances_EN.pdf



Form an “Implementation Team”

- Management - approvals
- Operations – integration with ACH platform; origination agreements
- Marketing – staff training and product promotion
- Compliance – determine account opening requirements, determine ceilings for payment amounts or totals, KYC requirements, etc.



Contacts



Program Contacts

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Additional Information



Migrant concentration in the USA

State	Migrants in USA	Mexican origin	State	Migrants in USA	Mexican origin
California	8,455,926	3,889,695	Oklahoma	132,813	58,145
Texas	5,071,963	1,870,787	Wisconsin	126,719	57,638
Illinois	1,144,390	609,068	New Jersey	102,929	64,614
Arizona	1,065,578	435,001	Minnesota	95,613	45,557
Colorado	450,760	192,427	Ohio	90,663	23,216
Florida	363,925	189,819	Idaho	79,324	37,204
Nuevo México	330,049	103,153	Missouri	77,887	30,573
Washington	329,934	149,281	Tennessee	77,372	51,174
Nevada	285,764	142,685	Virginia	73,979	35,210
Georgia	275,288	196,011	Nebraska	71,030	28,996
New York	260,889	170,386	Arkansas	61,204	31,422
Carolina del Norte	246,545	179,236	Iowa	61,154	199,987
Michigan	220,769	62,289	Pennsylvania	55,178	24,306
Oregon	214,662	117,297	South Carolina	52,871	30,524
Indiana	153,042	61,336	Alabama	44,522	27,103
Kansas	148,270	64,896	Maryland	39,900	19,797
Utah	136,416	64,921	Louisiana	32,267	7,394 ²¹

Migrants concentration in USA

State	Migrants in USA	Mexican Origin
Kentucky	31,385	13,577
Connecticut	23,484	12,994
Massachussets	22,288	-
Mississippi	21,616	8,401
Wyoming	19,963	4,785
Hawai	19,280	1,293
Alaska	13,334	3,106
Delaware	12,986	8,053
Montana	11,735	506
Dakota del Sur	6,364	857
Rhode Island	5,881	-
Dto. de Columbia	5,098	2,177
New Hampshire	4,590	-
West Virginia	4,347	1,204
Dakota del Norte	4,295	304
Maine	2,756	-
Vermont	1,174	-
Total	20,640,171	9,328,405

Sources: US Census Office, CONAPO Mexican National Population Council, CIS Center for Immigration Studies (CIS), Mexican Consulates in Piladelphia, Detroit, Michigan and Ohio

Banco de México and CNBV

Mexican migrants origin, remittances and Banking infrastructure

State	Migrants to USA (Last 5 years)	Remittances (USD millions and %) 2005	Population	Directo a México Payments in 2005	Bank Branches	Savings and checking accounts	ATMs
Guanajuato	366,123	1,715 (8.6)	4,663,032	25,420	351	1,346,378	881
Jalisco	291,657	1,693 (8.5)	6,322,002	86,195	685	2,503,499	1,647
Michoacán	248,040	2,595 (13)	3,985,667	42,734	278	1,071,404	498
San Luis Potosí	135,383	476 (2.4)	2,299,360	5,738	135	637,735	398
Zacatecas	116,351	496(2.5)	1,353,610	13,775	88	362,994	171
Estado de México	111,837	1675(8.4)	13,096,686	2,637	724	3,294,016	1,690
Oaxaca	109,693	1,002(5)	3,438,765	1,682	145	697,264	280
Puebla	97,604	1,174(5.9)	5,076,686	1,836	286	1,189,354	687
Hidalgo	91,007	718(3.6)	2,235,591	1,051	109	583,175	299
Veracruz	85,196	1,155(5.8)	6,908,975	2,499	383	1,780,702	1,081
Durango	79,781	342(1.7)	1,448,661	7,809	83	329,872	200

Sources: US Census Office, CONAPO Mexican National Population Council, CIS Center for Immigration Studies (CIS), Mexican Consulates in Piladelphia, Detroit, Michigan and Ohio

Banco de México and CNBV

Mexican migrants origin, remittances and Banking infrastructure

State	Migrants to USA (Last 5 years)	Remittances (USD millions and %) 2005	Population	Directo a México Payments in 2005	Bank Branches	Savings and checking accounts	Number of ATMs
Chihuahua	76,864	293(1.5)	3,052,907	7,235	283	1,216,018	976
Sinaloa	65,148	371(1.8)	2,536,844	1,750	232	967,614	524
Guerrero	58,539	957(4.8)	3,079,649	2,650	157	778,307	317
Sonora	56,439	186(0.9)	2,216,969	1,427	238	902,542	595
Distrito Federal	50,982	1,452(7.2)	8,605,239	17,311	1,381	6,349,516	4,727
Tamaulipas	50,905	302 (1.5)	2,753,222	3,814	279	1,202,229	998
Morelos	47,408	476 (2.4)	1,555,296	2,577	127	593,045	328
Nuevo León	46,701	231(1.2)	3,834,141	14,362	571	2,128,090	1,932
Baja California	45,188	187(0.9)	2,487,367	3,072	266	1,281,846	951
Chiapas	43,741	655(3.3)	3,920,892	300	153	659,058	320
Nayarit	38,828	280(1.4)	920,185	2,038	57	211,216	126

Sources: US Census Office, CONAPO Mexican National Population Council, CIS Center for Immigration Studies (CIS), Mexican Consulates in Piladelphia, Detroit, Michigan and Ohio

Mexican migrants origin, remittances and Banking infrastructure

State	Migrants to USA (Last 5 years)	Remittances (USD millions and %) 2005	Population	Directo a México Payments in 2005	Bank Branches	Savings and checking accounts	Number of ATMs
Querétaro	38,391	392(2)	1,404,306	1,387	108	440,129	463
Aguascalientes	36,036	317(1.6)	944,285	7,114	73	391,146	276
Coahuila	35,108	189(0.9)	2,298,070	4,527	237	1,006,319	809
Tlaxcala	15,067	210(1.0)	962,646	111	48	235,675	129
Colima	12,182	145(0.7)	542,627	2,762	58	205,887	200
Campeche	4,864	49 (0.2)	690,689	72	52	263,617	142
Baja California Sur	1,312	21(0.1)	424,041	258	58	247,728	162
Tabasco		126(0.6)	1,891,829	170	121	476,372	348
Yucatán	17,901	80(0.4)	1,658,210	3,315	129	413,988	314
Quintana Roo		73(0.4)	874,963	371	91	465,719	431
Total	2,474,276	20,033	93,058,410	264,143	7,645	32,876,375	21,807

Sources: US Census Office, CONAPO Mexican National Population Council, CIS Center for Immigration Studies (CIS), Mexican Consulates in Piladelphia, Detroit, Michigan and Ohio

Banks Receiving Directo a México Transfers

Bank	Branches	% total	Accounts	% total
Banamex	1,372	16.0%	4,256,344	10.3%
Santander Serfin	908	10.6%	6,836,255	16.5%
BBVA Bancomer	1,717	20.0%	10,333,672	25.0%
Banjercito	51	0.6%	115,349	0.3%
HSBC	1,345	15.7%	2,152,234	5.2%
Bajío	87	1.0%	77,470	0.2%
IXE	38	0.4%	66,957	0.2%
Inbursa	36	0.4%	174,861	0.4%
Interacciones	9	0.1%	3,031	0.0%
Mifel	12	0.1%	16,833	0.0%
Scotiabank	405	4.7%	1,208,515	2.9%

Banks Receiving Directo a México Transfers

Bank	Branches	% total	Accounts	% total
Banregio	41	0.5%	71,529	0.2%
Invex	1	0.0%	939	0.0%
Bansi	3	0.0%	56,177	0.1%
Afirme	55	0.6%	67,350	0.2%
Banorte	968	11.3%	3,882,309	9.4%
ABNAMRO	1	0.0%	495	0.0%
Amex	8	0.1%	19,535	0.0%
Bamsa	1	0.0%	574	0.0%
Azteca	972	11.3%	8,703,206	21.1%
Bansefi	548	6.4%	3,384,871	8.2%
	8,578	100.0%	41,313,157	100.0%

Source: Mexican National Banking Commission (CNBV)

Mexican Banks' Web Sites directory

Bank	Web Site	CLABE Information through Web Site
Banamex	http://www.banamex.com.mx	http://www.banamex.com.mx/esp/personal/cheques/clabe.html
BBVA Bancomer	http://www.bancomer.com.mx/	
Santander Serfín	http://www.santander.com.mx	homepage, choosing personas > <i>¿Conoces tu CLABE?</i>
Banjército	http://www.banjercito.com.mx/	
HSBC	http://www.hsbc.com.mx	http://dsrefw03.hsbc.com.mx/aptrix/internetpub.nsf/Content/CLABE_A
Banco del Bajío	http://www.bb.com.mx/	
Ixe	http://www.ixc.com.mx	
Inbursa	https://www.bancoinbursa.com/	
Interacciones	https://www.interacciones.com	
Mifel	http://www.mifel.com.mx/	
ScotiaBank Inverlat	http://www.scotiabankinverlat.com.mx	
Banregio	http://www.banregio.com/	http://www.banregio.com/modules.php?name=Content&pa=showpage&pid=111
Invex	http://www.invex.com.mx/	
Bansi	http://www.bansi.com.mx/main.html	http://www.bansi.com.mx/clabe/bienvenido.htm (Currently with errors in page)
Afirme	http://www.afirme.com.mx	
Banorte	http://www.banorte.com	
ABN AMRO Bank	http://www.abnamro.com.mx	http://www.abnamro.com.mx/nuestrosprod/productos1.htm
Amex Bank	http://www.americanexpress.com/mexico/homepage/default.shtml	http://www10.americanexpress.com/sif/cda/page/0,1641,20961,00.asp
Banco Azteca	http://www.bancoazteca.com.mx	
Bansefi	http://www.bansefi.gob.mx/	

Mexican Banks Association “ABM Numbers for Mexican Banks”

ABM Number	Bank	ABM Number	Bank
002	Banamex	058	Banregio
012	BBVA Bancomer	059	Invex
014	Santander – Serfin	060	Bansi
019	Banjercito	062	Afirme
021	Bital	072	Banorte
030	Bajío	102	ABN AMRO Bank
032	Ixe	103	Amex Bank
036	Inbursa	106	Bank of America
037	Interacciones	107	BankBoston
042	Mifel	127	Banco Azteca
044	ScotiaBank Inverlat	166	Bansefi

CLABE's check digit process

- The check digit process involves a weight factor (3 7 1 3 7 1 3 7 1 3 7), and each account number digit should be multiplied by its corresponding weight.
- Only the last digit of the resulting number must be taken and considered in the sum to the other partial results.
- Just the last digit of the sum must be taken.
- This digit must be subtracted from 10.
- **Example:** A CLABE's first 17 positions are 10315012415234578

	Position	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
A	17 Digits	1	0	3	1	5	0	1	2	4	1	5	2	3	4	5	7	8
B	Weight	3	7	1	3	7	1	3	7	1	3	7	1	3	7	1	3	7
A_i*B_i	Product	3	0	3	3	5	0	3	4	4	3	5	2	9	8	5	1	6
Σ	Addition result	64																
PR	Preliminary result	4																
10-PR	Check Digit	6																

- The CLABE must be 1 0 3 1 5 0 1 2 4 1 5 2 3 4 5 7 8 6, and the three first digits must be equal to the ABM Number of the Receiving DFI in México.