

IBC: Making an Impact in Pilsen



Background

The International Bank of Chicago (IBC), is a minority-owned, Illinois state chartered commercial bank established in 1992 in response to growing concern over predatory lending practices prevalent in metropolitan Chicago's low-income and ethnically mixed communities. IBC's mission is to promote economic and community development by providing safe and affordable financial products to an ethnically and economically diverse client base. In September of 1999, both the Bank and its holding company were certified as Community Development Financial Institutions by the U. S. Department of Treasury CDFI Fund. They were both recertified this year.

Because of existing involvement with community, financial and governmental organizations, management is committed to strengthening IBC's strategic alliances and develops new relationships to support its community economic development efforts. Each of these relationships allows the Bank to utilize a more holistic approach to its community development efforts.

IBC has made a commitment to promote community economic development in the market area by focusing on access to affordable capital and job creation in the area.

In keeping with these this holistic approach, IBC launched two initiatives this year, IBC CDC and IBC Processing Corporation. IBC CDC is a non-profit organization designed to **provide development services to residents of the Investment Area as well as provide small personal loans which help to combat predatory lending.** These loans can be used to prevent foreclosures and pay business taxes. These loans are too risky for the bank to originate, due to safety and soundness compliance issues.

The IBC Processing Corp was opened earlier this year in the primarily Hispanic, distressed community area of Pilsen. The Processing Corp now employs nearly 150 people, primarily residents of the distressed community. The program was developed in partnership with Bank One. The Federal Reserve Bank of Boston recently published an article on this endeavor, **citing it as an example of strong community economic development.**

Overview of Pilsen

Pilsen is a community located on the west side of Chicago. According to the most recent Census figures, the area has 45,654 residents, 88% of which are Hispanic. The area is classified as a low-moderate income area with a high rate of unemployment. The area is marked by a cash economy, which is evidenced by a high number of unbanked

individuals (55% according to a survey conducted by the Metro Chicago Information Center), as well as a high number of check cashers, currency exchanges, and pay day lenders. The businesses in the area are mostly small retail establishments with less than 3 employees.

IBC Economic Impact in Pilsen

IBC has made a commitment to promote community economic development in the Pilsen area by focusing on access to affordable capital and job creation in the area. Currently, the IBC Processing Corporation **nearly 150 people**, recruited primarily in the area. As part of this employment initiative, IBC provides comprehensive training to its employees, helped them to become skilled and viable members of the workforce.

In addition to serving as a full time employer, IBC's presence in the Pilsen area has also helped several area businesses. The first such business is Monterrey Security, a minority owned business. IBC hired this company to provide security services at the Processing Corporation and its other bank branches. This effort helped to establish credibility for the company, who was subsequently able to acquire contracts with TCF Bank, Soldier Field, and several local schools. IBC also granted the company a working capital loan. The business now **employs 232 individuals**.

IBC also hired the Soltan group, a minority owner contracting company. IBC hired this group to provide the build out of the Processing Corporation, and provide on-going maintenance. The group **employs 5 people**. Additionally, IBC hired another local company, Valor Janitorial which **employs 2 individuals**.

In addition to creating jobs directly in the area, local organizations report **an increase in business** due to the increased activity in the area. Two such businesses include Guiero Food Market and El Melagro.