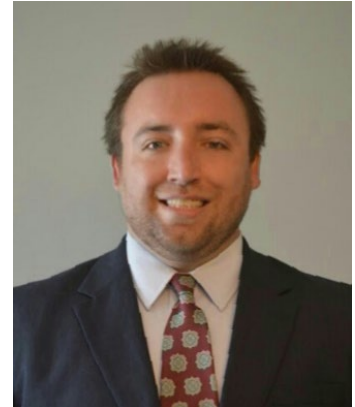


Serving the Unbanked: Changes to Traditional Banking to Impact Profits

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Access to financial services is a fundamental driver of economic mobility, yet millions remain excluded from traditional banking due to documentation barriers. Financial institutions have historically relied on Social Security numbers (SSNs) as a primary form of identification, creating systemic challenges for individuals who lack this credential. Immigrants, international students, and non-SSN holders often face significant obstacles in obtaining mortgages, credit cards, and other essential financial products, limiting their ability to build credit and achieve financial stability.

Problem Identification

A significant portion of the U.S. population remains underbanked due to a lack of SSNs, presenting both a financial inclusion challenge and a market opportunity for Republic Bank (Federa; Deposit Insurance Corporation's [FDIC], 2023). Current regulatory frameworks allow for alternative identification methods, such as individual taxpayer Identification numbers (ITINs) and consular identification cards, but adoption remains inconsistent (FDIC, 2024). Republic Bank risks operational inefficiencies, regulatory concerns, and missed opportunities to serve a growing customer base without a structured approach. Addressing this issue requires a data-driven strategy that ensures compliance while expanding access to financial products.

Diagnosing the Problem

The specific problem is that Republic Bank & Trust Company currently offers no alternative methods to SSNs, which limits its ability to provide traditional financial products such as mortgages, credit cards, and credit-building services to individuals without SSNs. This issue is particularly pressing for Republic Bank, which operates in regions with high immigrant populations disproportionately affected by these disparities. With over 11 million individuals lacking SSNs in the U.S., including in communities Republic Bank serves, the bank has an opportunity to address financial disparities highlighted by the Federal Deposit Insurance Corporation's 2019 report by offering products tailored to this demographic (FDIC, 2021). This demographic also faces additional challenges like cultural and language barriers, exacerbating financial exclusion. Republic Bank hinders its competitive advantage and alignment with financial inclusivity goals through its current approach. This service delivery gap limits market reach and constrains growth potential (Republic Bank, 2023). Addressing this problem will enable Republic Bank to align with emerging digital banking trends (Deloitte, 2024) and expand its market reach. This approach would also promote economic stability in its service areas (Federal Reserve, 2021), ultimately reinforcing its competitive position in a dynamic industry.

The research goal was to offer evidence-based solutions to answer the driving research question:

How can Republic Bank & Trust Company implement effective strategies and alternative identification methods to offer mortgages, credit cards, and credit-building services to individuals without SSNs, fostering financial inclusion and economic stability within their service areas?

Exploring Potential Solutions

A literature review and industry benchmarking were conducted to identify effective financial inclusion strategies for non-SSN holders. This assessment examined regulatory guidelines, case studies, and best practices from financial institutions that have successfully expanded access while maintaining compliance. Benchmarking against financial institutions and fintech leaders such as Chime and Tala provided insight into the effectiveness of digital identity verification, AI-driven risk models, and mobile-first banking platforms in reducing financial exclusion (Deloitte, 2024).

ITIN-based lending has emerged as a proven solution, enabling non-SSN holders to access mortgages, credit cards, and credit-building products (FDIC, 2023). Additionally, alternative credit-scoring models incorporating rental, utility, and remittance payment histories provide a broader assessment of creditworthiness beyond traditional FICO scores (Consumer Financial Protection Bureau [CFPB], 2017). Regulatory agencies, including the CFPB and FDIC, have outlined best practices that provide a framework for implementing compliant and scalable solutions (CFPB, 2018).

A structured evaluation of these solutions considered feasibility, scalability, compliance, and long-term impact. Further research assessed implementation viability through comparative evaluations, risk analysis, and stakeholder insights, ensuring alignment with Republic Bank's strategic objectives.

Multiple Perspective Inquiry

Multiple frameworks were used to analyze financial inclusion strategies for non-SSN holders: the Experience Economy, the Virtuous Business Model, and Kotter's 8-Step Change Model. The Experience Economy emphasizes trust-driven financial relationships, shifting banking beyond transactions to engagement-based services (Pine & Gilmore, 1999/2011). The Virtuous Business Model underscores the need to balance profitability, compliance, and social responsibility, reinforcing sustainable financial inclusion (Indiana Wesleyan University, 2022). Kotter's model provides a structured roadmap for executing organizational change, ensuring that alternative identification methods are integrated effectively (Kotter, 1996/2012).

A social science approach utilizing quantitative secondary data analyzed Republic Bank's strategic options. Internal banking data, supplemented by FDIC reports, provided insights into financial service accessibility trends for non-SSN holders—inferential statistical methods indicated documentation barriers as the primary cause of product denials. At the same time, additional validity testing ensured the reliability of findings and their applicability to Republic Bank's financial inclusion strategy.

Comparative evaluations and a risk matrix were used to assess feasibility, scalability, compliance, and long-term sustainability to determine the most viable and implementable solution. These structured analyses identified ITIN-based lending as the strongest approach due to its balance of regulatory compatibility, financial impact, and integration within existing banking infrastructure while mitigating potential risks.

A practical approach was then created to implement the verified findings:

Republic Bank should implement ITIN-based financial products through a phased 18-month approach, allowing gradual integration of ITIN lending, development of compliance mechanisms, and refinement of risk management practices while maintaining regulatory alignment.

Change Management Approach

Successfully integrating ITIN-based financial products into Republic Bank's operations requires a structured change management approach. Kotter's 8-Step Change Model (Kotter, 1996/2012) provides a framework for executing this transition while ensuring organizational alignment, stakeholder engagement, and long-term sustainability. The first phase establishes urgency and builds a guiding coalition by securing executive buy-in and engaging key stakeholders across compliance, risk management, and product development teams. A clear strategic vision and structured communication plan will be critical in addressing regulatory concerns and operational adjustments.

An 18-month phased rollout incorporates incremental testing, compliance adjustments, and employee training to ensure a controlled and scalable adoption process. Republic Bank will pilot ITIN-based lending in select markets before broader expansion. Employee engagement will be reinforced through updated Know Your Customer procedures, alternative credit assessment models, and customer support enhancements tailored for non-SSN holders. Beyond operational execution, Republic Bank's approach must align with broader strategic and ethical considerations. The Experience Economy framework highlights the role of trust-driven banking relationships, while the Virtuous Business Model underscores the balance between profitability, compliance, and social responsibility (Indiana Wesleyan University, 2022; Pine & Gilmore, 1999/2011). Integrating these frameworks ensures that ITIN-based lending is positioned as a sustainable, customer-centered initiative.

This phased strategy directly supports Republic Bank's IMPACT mission, emphasizing innovation for the future, making it easy, providing exceptional service, acknowledging and celebrating success, committing to caring, and thriving together. By expanding financial access through ITIN-based lending, the bank strengthens its commitment to equitable financial solutions and long-term customer relationships.

Five key focus areas for successful implementation were identified:

- Leadership and stakeholder buy-in—Ensure executive alignment and clear communication across departments.
- Employee training and compliance integration—Equip teams with the necessary tools to execute ITIN-based lending.
- Pilot testing and performance monitoring—Launch in select markets to evaluate impact before scaling.
- Customer engagement and outreach—Strengthen financial literacy and trust-building initiatives.
- Continuous adaptation and risk mitigation—Use data-driven insights to refine strategy and ensure compliance.

This structured change management approach ensures that Republic Bank can successfully implement ITIN-based lending while maintaining regulatory compliance, operational efficiency, and alignment with its mission.

Conclusion

This research contributes meaningfully to the ongoing discourse on financial inclusion, demonstrating how banks can balance innovation, regulatory compliance, and market expansion through a structured, evidence-based approach (Goodman et al., 2024). Republic Bank is well-positioned to strengthen its role in offering alternative identification-based banking products that enhance economic stability and financial empowerment among historically underserved populations (Broady et al., 2021). By implementing a phased ITIN-based lending strategy supported by data-driven decision-making, Republic Bank can integrate sustainable financial solutions while maintaining compliance and operational efficiency. This strategic framework reinforces its competitive advantage and affirms its commitment to serving diverse communities through inclusive and responsible banking practices.

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