

Top 10 Reasons Why Recent Trump Administration Efforts to Debank Immigrants Are a Bad Idea

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The Trump Administration's effort to debank immigrants, and to shut them out of credit and home-buying opportunities, is a terrible idea. In addition to hurting immigrant families, the effort will stunt small business creation and reduce federal and state tax revenue. It is also potentially detrimental to banks as it steers immigrants, and [trillions of dollars](#) in wages, salaries, and business income, away from the formal banking system, while simultaneously harming the reputation of banks in these growing communities. For the following reasons, this effort is extremely misguided:

1. Banks will miss out on a huge swath of economic activity by debanking immigrants.

Immigrants generated [\\$2.4 trillion in wages](#), salaries, and business income in 2024. Shutting out even a fraction of these immigrants from bank accounts will steer immigrants away from the formal banking system and towards other financial products, resulting in banks losing out on millions in interest rate spread income. For example, [one study](#) found that Mexican immigrants who were encouraged to open bank accounts kept 9% more of their money in the accounts and reduced by 6% the amount they sent to Mexico via remittances.

2. Cutting off immigrants from credit will stunt business creation. Immigrants have an [80% higher rate of creating new businesses](#) than people born in the United States. Borrowing on credit cards is [an important source of financing](#) for many small businesses.

3. Forcing immigrants to rely on cash creates safety risks. Cash can be stolen or lost. The need to carry significant amounts of cash exposes individuals to the risk of theft.

4. Debanking immigrants will reduce federal and state tax revenue. Immigrants who earn interest on bank accounts pay taxes on that income. In general, depressing economic activity by immigrants results in less tax revenue; according [to the Cato Institute](#), immigrants paid an estimated \$1.3 trillion in taxes in 2023.

5. Debanking immigrants and cutting off access to credit affects families and communities. Economic harm to an immigrant affects all of the members of a household, including U.S. citizen or legal permanent resident children and spouses, who might share a bank account, credit card, or car. It affects the stores, restaurants, and service providers where immigrants spend their money.

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6. Deciding which immigrants lack legal status or work authorization is difficult because immigration status is fluid. For example, an immigrant may have been authorized to work under the [Deferred Action for Childhood Arrivals](#) program, but their renewal is in limbo due to

processing delays. An immigrant married to a U.S. citizen may currently only have a visitor's visa but be in [the process of obtaining legal permanent residence status](#). Use of an ITIN does not necessarily indicate unauthorized status because ITINs are used by dependents and spouses of U.S. citizens, lawful permanent residents, and visa holders as well as foreign students, professors, and researchers.

7. Banks may risk violating ECOA and other anti-discrimination laws in trying to determine immigration status or avoiding lending to industries or neighborhoods with high concentrations of immigrants. While [Regulation B](#), which implements the Equal Credit Opportunity Act (ECOA), permits consideration of immigration status, banks cannot and should not make assumptions based on ethnicity or national origin; they cannot only ask customers with Latino or Asian surnames for their immigration status, for example. They must also ensure that their third party agents, such as retail clerks offering store-branded credit cards, do not engage in such discriminatory conduct. This raises fair lending and compliance risks. If financial institutions follow guidance by bank regulators to avoid lending to workers in industries and residents in neighborhoods with high concentrations of immigrants, they may engage in illegal redlining under ECOA, raising additional risks.

8. Asking lenders to consider immigration status forces them to make unreasonable predictions. Both the CFPB and bank regulators have advised lenders to consider immigration status because of the immigrant's risk of removal from the United States and possible disruptions to income. But there are about [24 million non-citizens](#) in the United States with varying types of immigration statuses, and the odds of any one individual immigrant being removed are small. Loss of employment within the United States is significantly more likely than removal, yet lenders are not required to assume a borrower will lose their job; it would be unreasonable for a lender to assume the occurrence of a possibility that is even more remote. And research by Experian found that [ITIN holders exhibited better credit behaviors](#) than SSN holders, making it even more unreasonable to deny them credit categorically.

9. Shutting out immigrants from homeownership will harm housing markets, especially in struggling areas. According to the National Association of Hispanic Real Estate Professionals (NAHREP) for example, Latino households are [adding new homeowners at a rate that surpasses most other groups](#). Mortgages made with ITINs [perform just as well](#) as other mortgages. Overall, immigrants have added [\\$3.7 trillion](#) to U.S. housing wealth. They [stabilize and revitalize economically depressed areas](#), such as Rust Belt cities and rural areas.

10. Hostility to immigrants will shut banks out from the biggest growth market in the United States. Without immigration, U.S. population growth is [projected to decline and age](#). Actions that make immigrants feel unwelcomed or excluded from the banking system will create a legacy of distrust in these communities that will go beyond just ITIN holders or unauthorized workers, steering them instead towards alternative financial services, fintechs, or the cash economy. This reputational risk is not limited to immigrant communities, but to U.S.-born individuals of color who witness and are subject to harmful practices prompted by these executive orders. The four recent issuances from the Trump Administration attempting to restrict the access of immigrants to banking and credit are:

- [Executive Order 14406](#), 91 Fed Reg 30479 (May 19, 2026) directs the Treasury Department and other agencies to adopt regulations and guidance regarding the treatment of immigrants by banks and lenders
- The CFPB's [Statement on Ability to Pay and Immigrant Status, 91 Fed. Reg. 34607](#) (June 8, 2026) advises creditors to consider immigration status as a negative factor in assessing an individual's ability to repay.
- The bank regulators' [Interagency Guidance](#) (July 13, 2026) advises creditors that lending to immigrants without work authorization presents an "elevated credit risk" because their ability to generate income may be subject to greater uncertainty.
- FinCEN and bank regulators [FIN-2026-A002 \(June 5, 2026\), Joint Advisory on Non-Work Authorized Populations and Their Employers and Risks to the Integrity of the U.S. Financial System](#) advisory characterizes ITINs as a risk factor requiring enhanced due diligence for bank accounts.

Additional resources:

- [New Presidential Order on Bank Accounts and ITINs: What You Need to Know](#), June 4, 2026
- [Federal Attack on Immigrant Banking and Credit](#), July 23, 2026