Serving the Underserved: Targeting the Latino Market

NAFCU’s 42nd Annual Conference & Exhibition
Why Market to Latinos?

It is an important strategic decision to consider!

Can you afford not to?
Market Size - Facts

• Fastest-growing minority - Over 45 million Hispanics in the U.S.

• Almost 15% of U.S. population – Expected to reach 25% by 2050

• Purchasing power expected to grow from $700 billion to $1 trillion by 2010
The Opportunities

• Membership
  – Credit Union membership in the U.S. is barely staying ahead of U.S. population growth
  – The U.S. Latino population is increasing at a faster rate. Between 2000 and 2020 is expected to grow by 68%
The Opportunities (cont.)

• **Savings and Lending**
  – Younger than the U.S. population: 26 vs. 35 years old
  – More than half live in family households. Over half live in renter-occupied housing

Sources: U.S Census Bureau “We the People: Hispanics in the United States”
The U.S. Hispanic Economy in Transition
The Opportunities (cont.)

• **Savings and Lending**
  – Hispanic-owned companies reached 2 million in 2004, up 82% since 1997
  – Between 1997 and 2001, investment portfolios increase annually by 33% among Hispanics.

Sources: U.S Census Bureau “We the People: Hispanics in the United States”
The U.S. Hispanic Economy In Transition
The Opportunities (cont.)

• Savings and Lending
  – Hispanics have more people per household - average 3.5 people vs. 2.4
  – Hispanics households spent $16.9 billion on new vehicle purchase in 2001 - 82% increase in 4 years

Source: U.S Census Bureau “We the People: Hispanics in the United States”
## Immigrant Account Ownership in the U.S.

The table below illustrates the share of immigrant heads of households who have checking accounts, savings accounts, or a checking or savings account.

<table>
<thead>
<tr>
<th>Country</th>
<th>Checking Account</th>
<th>Savings Account</th>
<th>Checking or Savings Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>27%</td>
<td>26%</td>
<td>40%</td>
</tr>
<tr>
<td>China</td>
<td>48%</td>
<td>61%</td>
<td>78%</td>
</tr>
<tr>
<td>Philippines</td>
<td>63%</td>
<td>52%</td>
<td>76%</td>
</tr>
<tr>
<td>India</td>
<td>65%</td>
<td>56%</td>
<td>77%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>49%</td>
<td>28%</td>
<td>56%</td>
</tr>
<tr>
<td>Cuba</td>
<td>49%</td>
<td>34%</td>
<td>59%</td>
</tr>
<tr>
<td>Korea</td>
<td>56%</td>
<td>38%</td>
<td>68%</td>
</tr>
<tr>
<td>Canada</td>
<td>75%</td>
<td>57%</td>
<td>85%</td>
</tr>
<tr>
<td>El Salvador</td>
<td>34%</td>
<td>25%</td>
<td>44%</td>
</tr>
<tr>
<td>Germany</td>
<td>72%</td>
<td>66%</td>
<td>87%</td>
</tr>
</tbody>
</table>
The Challenges

- Different levels of financial sophistication, literacy, and needs
- Immigration status and/or integration
- National origin and perception of role and strength of banking system
- Lack of trust in financial institutions – Earning & building trust takes time
What to do?

• Know Your Members – Market research
• Build trust – Financial education & outreach
• Meet Latino’s needs and preferences – Align your products, services, policies, procedures & infrastructure with your stated objectives
What to Do? (cont.)

• Establish partnerships – Strong community based organizations

• Take advantage of the CU system resources
  – Consider tapping existing Latino outreach efforts/programs – i.e. NLCUP, CUNA’s & the Federation's Latino Task Forces, Coopera, etc.
  – Partner with other Credit Unions!!!
Our own experience!
ACCESO

• Brick & mortar
• Savings & lending policies
• Implementation of Safe Harbor Products
  – Payment services
  – Step up services
  – Financial education & spending planning
• Community organization partners
ACCESO (cont.)

• 858 members with over $2.5 million in shares
• 129 consumer loans totaling $920K
• 75 Visa cards, LOCs of $76,000
• 4 mortgages totaling $1.1M
ACCESO (cont.)

- 3 co-op housing loans for $92,400
- 2000+ remittances sent totaling $605K
- Remittances fee savings of $5,780 or 28%
Remember...

• The power of word of mouth advertising
• The power of WOMAN
• The meaning that family has for Latinos
• The power of “speaking” the same language
Key Points

• Credit Union membership is decreasing and aging. Latino population is younger and growing

• Latinos are underserved and have financial needs to be met – Banks are already working to satisfy those needs
Key Points

• Latinos are a loyal segment once the trust is established

• No one solution fits all
Key Points

Marketing to Latinos is not only in-line with our Credit Union philosophy of “people helping people”

…but also a good business plan!
Any Questions?

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