

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



Immigrant Account Ownership in the U.S.

Share of Immigrant Heads of Households who have:

Country	Checking Account	Savings Account	Checking or Savings Account
Mexico	27%	26%	40%
China	48%	61%	78%
Philippines	63%	52%	76%
India	65%	56%	77%
Vietnam	49%	28%	56%
Cuba	49%	34%	59%
Korea	56%	38%	68%
Canada	75%	57%	85%
El Salvador	34%	25%	44%
Germany	72%	66%	87%



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!!!





ACCESO

CREDIT · SAVINGS · SERVICE

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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