



Doing business with Latino Customers, Doing Right!

With the ever growing Latino population whose buying power has grown to \$686 billion dollars in 2004, and is expected to be \$992 billion in 2209, it is **imperative** to address their financial needs. So, who's doing it right and how successful are they? And more importantly, what are they doing to be so successful?

Well, I can tell you it's not just a matter of translating brochures! Successful campaigns start with **Commitment!**

I tell banks you can't go half-heartedly into this market; you must look at it as a new way of doing business. If you don't, the bank down the street will!

You must be **Open Minded** to see new products, new internal processes and new ways of telling your customers about your bank! In the past several years there has been a large increase in the number of banks that are focusing on the Latino markets; and that focus has created new resources for banks to utilize to better bank the "un-banked" Latinos.

One-third of U.S.-born Latino residents and over half of all Mexican immigrants lack bank accounts, according to 2000 figures from the U.S. Census Bureau. Banks are bringing to their line of services new products that will help them cross-sell their other services to new Latino customers. One of these new services is a "remittance product" which is commonly used by new immigrants. A remittance product allows the customer to send money to family back in the home country. This service gives the banks an opportunity to attract customers that wouldn't ordinarily walk into their branches. Latinos in Iowa sent \$69 million dollars to their home countries in 2004, and most of that money was sent through a "remitter" in a local Latino super market. Most remitters will charge anywhere from \$10 to \$20 to send this money. That is why the big banks like Wells Fargo, US Bank, Citigroup and Bank of America already have these remittance products.

Some of the biggest challenges that banks face has more to do with how they do business, than the lack of Spanish speaking tellers or bankers. Most banks use the same industry standards to establish risk for loans of any kind. Unfortunately, these companies are not equipped to deal with a mind set of Latinos who think: "If I don't owe anyone any money that is proof I'm a good risk, right?" Most Latinos pride themselves on their ability to pay cash and not incur debt; therefore, they are likely not to have credit histories. So, how do you establish creditworthiness?

There are companies that are providing alternative credit history reports that look at the customer's ability to pay on time by looking at their history of paying such obligations as rent, cable, phone, water and electricity bills. If your bank has the ability to issue credit cards, having one that is designed to establish conventional credit history is something you

want to market to Latinos--in conjunction with the help of these companies that provide alternative credit histories.

Most banks accept the “Matricula Consular.” Matricula Consular is an official identification issued by governments of Mexico, El Salvador and a few other countries. It is an accepted form of ID that can comply with federal requirements and can increase the number of checking accounts your bank can open. There are many new and different resources out there and some of those are available at Iowa Bankers Association.

How you communicate with your potential customers is as important as the language you use. Creating a design that is culturally sensitive can simulate more than just creativity--it can result in more revenue. Marketing campaigns created in the language of the target audience tend to have more impact because they appeal to the emotional triggers of that audience making them memorable.

Additionally, you must be willing to **Look Different** as a bank. No, I don't mean changing the facade of the building, but I do mean the look of your employees. Studies show that we all are more likely to buy from someone who looks like we do. The theory also holds true when it comes to the ability to understand what we are being sold. The issue of language continues to fuel a 20 plus year debate on whether to advertise in Spanish or English. Why? Because 46% of Latinos are Spanish-dominant speakers as opposed to 23% who are bilingual. 63% of Latinos speak Spanish at home. Language use varies widely among Latinos according to whether they are at home, at work, obtaining news information or watching soccer.

The best advice I can give any bank is to **START SOMETHING!!** The worst thing you can do is sit and wait for this market to come to you. It won't! It will go to the first bank that starts something! Seek the advice of experts who are familiar with banks and Latino markets so they can guide you through new initiatives easily.

Laura Castro de Cortés
Latino Banking Solutions
Omaha, NE