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By Miriam De Dios, CEO of Coopera

Fewer people today are surprised when they hear statistics on the growth of the U.S. Hispanic population. It's been a hot topic of conversation for years. What does surprise them, however, is *where* in the United States much of this growth is occurring.

Texas, New Mexico, Arizona, California – these are states that come to mind when most people think of large Hispanic populations. Yet, states such as North Dakota, Kentucky, Louisiana, Delaware and Maryland actually saw the [largest Hispanic population growth](#) between 2007 and 2014.

Midwestern states, too, are discovering just as many opportunities for engagement with their own growing numbers of Hispanic residents. Iowa and Wisconsin – home to the credit unions featured in this paper – have each experienced explosive growth rates and now count Hispanics among one of the largest, fastest-growing and youngest groups in the states.

With a comprehensive and strategic approach to Hispanic membership growth, credit unions in unexpected places can become the preferred financial institution for this important segment. That's because a great number of Hispanics in the U.S. are not tethered to an existing financial relationship. When credit union leaders realize serving Hispanics is not only an investment in the cooperative but also the right thing to do, the results can be incredible.

What follows are the stories of two credit unions that are embracing the opportunities of a changing member profile. The community-centric strategies each is executing are not only stimulating growth of the cooperative; they are also making a difference in the lives of the Hispanic members who have discovered financial freedom with the help of credit union membership.

PRIME FINANCIAL CREDIT UNION GETS BACK TO ITS ROOTS THROUGH SERVICE TO MILWAUKEE'S HISPANIC COMMUNITY

Something was changing in the community. The staff of Milwaukee's Prime Financial Credit Union (PFCU) could feel it. More visitors to the 90-year-old cooperative were asking for Spanish translators and fewer came equipped with the basics of U.S. financial system awareness. "It got to the point where it was a topic of conversation at every meeting," said Colleen Jakubowski, PFCU's chief operating officer. "We knew there was a Hispanic community here. But we didn't know how large it was, nor how underserved many of the members of that community were."

Amid those enthusiastic discussions, a member of the PFCU marketing team brought forward research on the make-up of the local community. The explosive growth of the Hispanic consumer segment was a stand-out finding. "That opened up all kinds of possibilities for us," said Jakubowski.



Her colleague, PFCU Director of Organizational Development Amy Goratowski, agreed: "Over the years, we had noticed less volume in our branches. It became clear we needed to devote a location to the Hispanic community – somewhere they would feel immediately welcome and comfortable. We're excited to be breaking ground on that branch as we speak."

Talk with Jakubowski and Goratowski and you can feel their excitement about the future of Hispanic membership growth at PFCU. The pair have a self-described justice mentality that has intrinsically motivated them to pursue improvements in the way the cooperative serves this influential and growing segment of Milwaukee – a city that saw its [Hispanic numbers rise nearly 175 percent](#) from 1990 to 2014. "We really get excited by the prospect of making things better for people," said Jakubowski. "It's what we like to do."

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- Colleen Jakubowski,
Prime Financial Credit Union

Because the credit union serves a high percentage (70 percent) of members who reside in low-income neighborhoods, there is rich experience adapting products, training employees and making community connections already within PFCU. Jakubowski and Goratowski believe these competencies are helping them achieve early success in their Hispanic membership growth plan. “By serving segments that need special assistance or special products, we are actually getting back to our roots,” said Jakubowski. “Bigger financial institutions are about making money. That’s not us. We’re about reaching those people that need us most.”

Getting back to the credit union’s roots was an objective that came after a lot of soul searching. The only Wisconsin credit union to survive conservatorship, PFCU emerged ready to recommit to the right people. “We took a hard look at everything we were doing,” said Jakubowski, who noted the credit union is fully staffed at 55 with four active branches and a strong net worth. “What we discovered is we were doing a better job chasing people who maybe didn’t need us rather than serving those who did. These were the people we saw every day.”

Among the discoveries made during what Jakubowski calls the “enlightening period” was that many of the credit union’s most loyal members were not taking advantage of beneficial products, such as low-rate credit cards or fee-free checking accounts. As a result, leadership began to seek out grants and designations that could help them execute on their reignited mission to help community members become and stay financially healthy. They achieved a low-income designation from the NCUA, which has allowed them freedom to pursue new objectives, such as those inside the Hispanic membership growth plan.

Many of the products and services already on the PFCU roadmap are ideal for the local Hispanic community, Coopera research has found. Payday loans, for example, are providing a much-needed service as new regulatory requirements are [expected to shutter some payday lending businesses](#). A responsible lender, the credit union will only allow one loan at a time, and each loan will be capped at \$500. Because the credit union reports on these loans to the credit bureaus, members who take advantage of the product will be building credit histories, an important step to establishing financial wellness.

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Prime Financial Credit Unio

PFCU’s credit rebuilder account, too, is a great match for many unbanked people in Milwaukee. Members can open the account immediately with zero deposit down, and there is no minimum balance. A portion of the funds goes to pay off debts, which helps members increase their credit scores. The credit union also offers certificates for as low as \$250 and other loans for as low as \$500.

Buy-in from management was a critical first step to developing the credit union’s Hispanic member growth plan. And it did not come easily. After all, the credit union was still recovering, and prudent board members wanted to be sure the plan would be strategic and well-executed. “We saw this large population that really needed our products and services, and we wanted to do it right. Just throwing up a sign that said, ‘We speak Spanish,’ was not going to cut it,” said Jakubowski.

To lay the groundwork for their strategic roadmap, the credit union began working with Coopera on a series of surveys to reveal the true needs of the Hispanic community in Milwaukee. Coopera also spoke with PFCU’s staff to uncover sentiments employees may not want to share with the credit union’s leadership.

“Coopera’s staff took us through an immersion exercise where we went to a local market for lunch,” said Jakubowski. “We were challenged to speak Spanish the entire time and to get to know people in the community. It was something of a cultural awakening for us. That activity really jump-started the passion. We learned a lot about a culture we didn’t know, and came away understanding that’s exactly what we can do for our members.”

Training bilingual employees to not only speak the right words but also have the cultural awareness to adequately explain financial products was critically important, as well. In January 2016, PFCU mobilized a team of 13 volunteers who are now leading the execution of the credit union’s Hispanic growth plan. Divided into subgroups, such as marketing, Spanish language and compliance, the team is playing an instrumental role in the development and launch of PFCU’s new branch location.

“This team is discovering so many ways for us to be involved in the community,” said Jakubowski. “For example, we learned there was a Mexican Independence Day festival taking place right by our south branch,

so we participated in that for the first time. We didn't show up with brochures. We showed up to have fun and to get to know the people we want to serve."

PFCU has also developed a business curriculum for a class of Spanish speaking employees who want to expand their knowledge of the U.S. financial system vocabulary. According to Goratowski, these individuals are highly engaged and passionate about continually improving their skills.

Among the challenges Jakubowski and Goratowski cite is difficulty containing staff excitement about the prospect of gaining new members from the Hispanic community. "We can't do it all," said Goratowski. "We still have to be frugal, but the great thing about this community is word of mouth. Once they become aware of all we have to offer, it will be huge."

A TENACIOUS COMMUNITY 1ST CREDIT UNION TAKES A STRATEGIC, COLLABORATIVE APPROACH TO HISPANIC MEMBER GROWTH

Sometimes the best way to lead a successful strategy is to have survived an unsuccessful one. That is precisely the spirit with which Anne Hagen is approaching her credit union's second go at Hispanic membership growth. The vice president of marketing for Iowa's Community 1st Credit Union, Hagen believes one of the biggest lessons learned from the cooperative's first attempt was that a single champion of the program is not enough.

"After continuing to evaluate the segment and truly understanding how underserved it is, we knew we had to try again."

- Anne Hagen,
Community 1st Credit Union

"We identified how important it would be to serve the Hispanic community back in 2007," said Hagen. "When we lost the key person leading that effort, however, the program fizzled out. After continuing to evaluate the segment and truly understanding how underserved it is, we knew we had to try again."

President and CEO Greg Hanshaw explained that the calling to do more is rooted in the credit union's 80-year history. "Our goal as an organization has always been to personify the credit union philosophy of people helping people. Although that can sound cliché, it's the real deal around here. And it's a huge part of why we felt years ago it was critically important to reach the Hispanic market."

The credit union recognized a Hispanic member growth plan would need to be a cooperative-wide initiative supported by everyone from frontline staff to the C-suite. Yet, they also understood the importance of hiring an empathetic community member. This individual would help credit union staff better identify and overcome obstacles to engaging the Hispanic community. David Suarez joined the credit union as Bilingual Community Development Manager in June 2015. Suarez then helped recruit Edith Cabrera, the credit union's first Hispanic board member.

"When David came to the credit union, he did not sit back," said Hagen. "He immediately identified those areas where we weren't doing enough for the community and started building initiatives from scratch. He spearheaded a partnership with Coopera to help us learn best practices and with local Hispanic organizations to get us connected to the community in a grassroots way."

According to Hagen, Suarez has a knack for explaining to community members how a credit union can help. "His message really resonates with the Hispanic people in the communities we serve." The result has been close relationships with many credit union members, many of whom attribute their financial successes to his guidance (*See the story of one such member on page 9*).

That knack for explaining extends to Suarez's influence inside the credit union. "One thing I've learned from David is a lot of the folks in Iowa have come from cultures and backgrounds where they didn't trust the financial system that was built to provide those types of services," said Hanshaw. "So we have an opportunity to show what a not-for-profit cooperative is and how it is uniquely built to provide services to people who may not meet the right criteria at a traditional financial institution."

Suarez insists the key to building connections with Hispanic members is trust. "We have to gain that trust in the community," he said. "We conduct outreach with community leaders, schools – even soccer teams – so we can show them we are offering not only services, but education. Typically, they are very interested to learn, but it's important to know they may not have the basic knowledge of financial concepts. You have to get close to them to understand their particular point of view and their particular issue. Only then can you begin to develop the clear, simple messages you need to start them down the path to financial success in the U.S."

“We’re excited to help the community understand that with [an ITIN] comes great advantages, such as checking accounts, loans and potentially even a mortgage.”

- David Saurez,
Community 1st Credit Union

Among the connections Suarez and the Community 1st leadership have built is a partnership with the Mexican Consulate of Omaha, Guadalupe Sanchez Salazar. Shortly after building a relationship with Sanchez Salazar, the credit union [signed an agreement](#) to collaborate for the benefit of Mexican nationals that live in Iowa. As part of that agreement, any Community 1st member with a matricula consular card and Individual Taxpayer Identification Number (ITIN) has access to nearly all of the credit union’s products and services, including mortgages. This will be hugely important to the credit union as it looks to serve more Mexican immigrants, which today make up 75 percent of Iowa’s immigrant population. Suarez pointed out the credit union is also working with the IRS to help more of its community members obtain ITINs. “We’re excited to help the community understand that with this number comes great advantages, such as checking accounts, loans and potentially even a mortgage.”

In addition, the credit union is working with Iowa State University’s Extension and Outreach agency, which connects Iowans with the university’s research and resources. The agency is helping the credit union understand the education levels of the Hispanic community members local to the 15 communities PFCU serves through 17 locations in Iowa and northern Missouri.

In 2016, the credit union was given the Juntos Avanzamos designation, which translates to “Together, we advance. Awarded by the National Federation of Community Development Credit Unions and Coopera, the designation is a national recognition of the work and commitment made to offer financial services to the Hispanic community. The designation also makes a public proclamation to the Hispanic community that the Juntos Avanzamos credit union welcomes the Hispanic community.

On the strategic roadmap for Community 1st is continuous employee training and cross-department education so every staff member is aware they can accept alternative forms of identification to serve more community members. In addition, the credit union will conduct more community outreach, pursue a community development financial institution (CDFI) designation and institute a series of financial education programs in the coming year.

“When I travel the country and talk with other financial marketers, many are surprised to hear that Hispanic initiatives are so important to an organization in Iowa,” said Hagen. “They don’t necessarily think of the Midwest as a hotbed of multicultural strategy. It makes me proud to be able to share what we’ve learned, as well as what we’ve achieved, in just a few short years.”

HOMEOWNERSHIP AFTER 12 YEARS IN THE SHADOWS



Soon after moving from Mexico to Iowa in 2004, Jose Garcia* and his wife realized how hard life can be without proper documentation. Neither could obtain a driver’s license or a job. Nor could they open a bank account or apply for a loan.

The couple spent four years living the shadows with an estimated 11 million other undocumented Hispanic immigrants –

some 178,000 of which now call Iowa home.

In 2008, a friend told Garcia about a financial institution that may allow him to open a checking account using his ITIN. An ITIN, or individual taxpayer identification number, is a tax processing number issued by the IRS. It’s given to individuals who do not have a social security number but who are required by law to file a tax return. Jose and his wife had each obtained ITINs shortly after coming to Iowa.

It was difficult for Garcia to believe, simply because he had attempted to open a checking account many times over his four years in the U.S. Every single financial institution he had approached required a social security number. “As soon as I told them I did not have a social security card, the conversation ended,” said Garcia.

**Name changed to maintain privacy of the member.*

Yet Garcia took his friend's advice and went to a local Community 1st Credit Union branch in Mount Pleasant, an Iowa town with a [Hispanic population near 6 percent](#). Not only was he allowed to open a checking account at the credit union; but after a few years as a member, he applied for and was granted a mortgage. After more than 12 years in Iowa, he and his wife would finally be able to offer their family of five a safe home from which they could pursue the American dream.

"It is like a dream came true," Garcia told David Suarez, Community 1st Credit Union's Bilingual Community Development Manager. "I know the process is not too easy to apply for a mortgage with my ITIN number. But after all, it is worth it."

Community 1st Credit Union's Suarez has watched the Garcia family's financial success with first-person interest. Himself an immigrant to the U.S., he understands the obstacles facing this segment of the population and is helping the credit union put its ambition to help into action.

"By my own experience, I know how hard it can be for an immigrant to overcome all the language and cultural barriers," said Suarez, who came to the U.S. from Ecuador in 2006. "On the top of that, there's often a lack of knowledge about how the financial world works in the United States. Bringing hard-working immigrant families into the financial system, through education and the products and services to solve their financial needs, is an important way credit unions can fulfill their missions of people helping people."
