



Financial Inclusion Starts at Home

To most fully live out the “people helping people” philosophy, more credit union leaders are taking meaningful steps toward advancing financial inclusion in their communities.



Indeed, providing underserved individuals with financial services that are both affordable and supported by effective financial education services can have tremendous impact on a city, town, village or neighborhood. And yet, it's far from simple, especially for credit unions looking to execute financial inclusion strategies for the first time.

Chief among the challenges is that financial inclusion is a two-way street. A credit union can offer up fair, dignified, affordable and culturally relevant services, but if community members don't respond, the impact of those products and services is greatly reduced. To inspire that action, credit unions have to come from a position of authenticity. In other words, community members – particularly those unfamiliar or uncomfortable with traditional financial institutions – want to see certain things from the credit union. Employees who look like them, communications that speak to them and experiences that feel real to them are crucial to encouraging underserved individuals to give credit union membership real consideration.

CONSIDER THE AUDIENCE

Membership – in and of itself – can be a big ask. This is especially true when the individuals a credit union is looking to serve may not be familiar with the concept of a financial cooperative. Take first-generation Hispanics, for example. Although the idea of [managing money as a community](#) is often a good fit culturally, involving a financial institution in that community approach may not feel natural. Learning the benefits of doing so directly from another first-generation Hispanic can make the idea more palatable.

For this group, as well as many other underserved segments, managing money usually consists of a series of short-term to-do's. Accomplishing those tasks often requires standing in a line 40-people deep at a behemoth discount store.

Imagine you've become accustomed to being greeted by a weary employee who would rather be doing anything other than issuing yet another money order. It's the norm, and so the idea of a joyful individual who knows your name helping with your transaction while also asking about your long-term financial goals can seem intrusive, maybe even a little suspicious. But, what if you are introduced to that happy teller by a respected member of your family, someone who trusts the teller and the credit union she represents. You're likely to be much less apprehensive giving the new relationship a try.

Imagining scenarios like the above to better understand the members of an underserved community demonstrates empathy and it can be a good first step in the development of a strategic financial inclusion plan. In fact, many credit unions have gone through exercises like the [National Credit Union Foundation's Life Simulation](#) and Coopera's immersion program.



COOPERA IMMERSION PROGRAM

Coopera staff guide team members through a series of exercises designed to give them a better idea of what life is like for the underserved in their communities. Here is the experience of one credit union:

"Coopera's staff took us through an immersion exercise where [we went to a local market for lunch](#)," said Colleen Jakubowski, chief operating officer for [Prime Financial Credit Union](#). "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."

But if sympathy is good, empathy is great.

An individual who can picture the daily challenges of another's life can get close to understanding. But, someone who knows those challenges can be invaluable when it comes to mapping out a financial inclusion strategy. Nothing can substitute first-hand knowledge. This is why we say diversity and inclusion (D&I) starts at home. To be a champion for diversity, you must demonstrate diversity within your ranks. To advocate for financial inclusion, you must proactively foster an inclusive environment inside your credit union.

What follows is a collection of ideas for how your credit union can do exactly that. In addition to advice on programs, processes and activities that foster D&I, you'll learn how others have experienced success in their internal efforts to support external initiatives.

RETHINK THE GOLDEN RULE

Since we were children, many of us have been told to treat others the way we want to be treated. Effective D&I plans challenge that rule just a bit. Rather than treating others the way we want to be treated, we should aim to treat them the way they want to be treated. This acknowledges a very real truth: How people want to be serviced, especially by their financial institutions, varies widely. Assuming a member of the credit union wants to be treated exactly the same way you do leaves room for misconceptions to get in the way of an otherwise excellent relationship.

Train your employees to ask, rather than assume, when it comes to solving problems for members. "How can I make this situation better for you," or "What is an ideal outcome for you" are great questions to ask when approaching new members.

TRY THIS: Establish a modern employee resource group (ERG) to better understand the preferences of underserved community members. Originally, these groups were established to foster a welcoming environment for underrepresented employee groups. They have since evolved to have a more strategic authority and are charged with adding value to the business. In fact, some organizations have migrated their [ERGs to BRGs](#) (business resource groups). A BRG reflects an increased business focus and more clearly articulates the BRG's objectives, which can include things like promoting revenue generation.

OR THIS: Establish an internal bilingual/bicultural advisory group. Composed of employees who work with members and/or the community daily, the group brings direct feedback to the organization to generate new ideas. It also gives members of the group an opportunity to discuss unique aspects of their cultures with one another. One way credit unions benefit from a group like this is a better understanding of how to communicate with members using financial terminology in another language, which can vary depending on an individual's proficiency level.

OR THIS: Consider adjusting your holiday policies [like Spotify did in 2017](#). The streaming service, which is made up of employees from 99 nationalities, now allows employees to choose which holidays to celebrate with time off from work.

ERG HELPS COMCAST DESIGN PRODUCTS FOR SPANISH SPEAKERS



Unidos, an ERG within Comcast NBCUniversal, works to develop, retain and promote Hispanic talent within the company. Importantly, they have also contributed to product development and innovation. Recently, Unidos partnered with the company's product development teams to test the [Spanish language version of the X1 Voice Remote](#). Participants in the ERG also lent their voices to help build a database of speech commands. This ultimately made it easier for Spanish-speaking owners of the X1 Remote to more easily navigate the set up guide and find programming in their preferred language.

TAKE A TEAM APPROACH

Another go-to piece of advice many of us have been given is to fight our own battles. Here again, a workplace that champions D&I throws something of a wrench into that way of thinking. Instead of encouraging people to stand up for themselves, progressive leaders who foster an inclusive environment tell their people to fight battles alongside their coworkers.

“Be a spokesperson for diversity issues that are not necessarily your own,” advises D&I expert [Robin Pedrelli in Diversity Journal](#). “Any organization will find it difficult to ignore the powerful voice created when groups representing different diversity dimensions unite.”

CHECK ON THIS: For those of you in management positions, take a look at how you fight for others. For instance, how do you identify employees for stretch projects? These are the high-visibility assignments that often carry with them bigger risks, and also bigger rewards.

Most leaders admit to giving these projects to the people they trust most. And yet, as Scott Horton, IBM’s former D&I director, points out [in this “Like-Me Bias” training video](#), there is a flaw in that logic. The people we often trust most are people like us, be that in age, race, political affiliation, education or socio-economic class. “If we continue to give the good opportunities to folks in those zones, we’re going to keep replicating people that see the world more like we do,” warns Horton.

Employees may find it easier to fight for others when they have a better understanding of the diversity issues faced by their colleagues. One of the best ways to achieve that understanding is to become a student of the people they work with. Pedrelli refers to this as becoming culturally competent. “Take the time to learn about different cultures, races, religions and backgrounds represented by your colleagues,” she suggests. These learning activities don’t have to be “all business;” in fact, they’ll probably be more effective if they are fun.

TRY THIS: Plan employee- and member-facing activities for lesser-celebrated holidays and events or host an international food festival.

OR THIS: Plan a new game, like [Diversity Thumball](#), once a quarter. Rather than leave this up to HR, engage different employees to come up with each quarter’s activity.

OR THIS: Learn how to say hello in 12 different languages. Quiz each other at regular intervals.

REFRAME THE WORD 'DIVERSITY'

Some leaders are limited in the way they think about diversity, which can also influence how they think about inclusion. While it is important to ensure the people who make your credit union run are ethnically and culturally diverse, it's also true that the cooperative will benefit from the thought leadership of individuals from diverse age groups, education levels and socio-economic classes. The latter of these segments is becoming important to more credit unions today than ever before.

"There is growing interest in the credit union universe around serving low- and moderate-income consumers," said [Clarissa Ritter](#), director of marketing and communications for the [National Federation of Community Development Credit Unions](#) (Federation). "In 2006, there were 8,500 credit unions and just more than 1,000 were low-income designation. Ten years later, there were less than 6,000 credit unions and 2,467 of them had earned the designation."

Employees who understand the unique needs of this group – because they have walked in the same shoes – are an invaluable asset to any credit union looking to improve the financial lives of consumers.



("TOGETHER WE ADVANCE")

Juntos Avanzamos is a designation for credit unions committed to serving and empowering Hispanic and immigrant consumers by helping them navigate the U.S. financial system and providing safe, affordable and relevant financial services. Juntos Avanzamos credit unions employ bilingual, culturally-competent staff and leadership, accept alternative forms of ID and treat all of their members with respect, regardless of immigration status.

The National Federation of Community Development Credit Unions is leading the national expansion of Juntos Avanzamos, in partnership with the Network of Latino Credit Unions and Professionals (NLCUP); Coopera, Iowa-based consultants to the credit union industry on the Hispanic market; Cornerstone Credit Union League, and a growing number of state leagues and associations across the country.

First developed by the Cornerstone Credit Union League as a Hispanic outreach program in Texas, the number of Juntos Avanzamos credit unions is expanding rapidly; today the network includes 74 credit unions in 20 states and the District of Columbia.

Learn more about Juntos Avanzamos at www.cdcu.coop/juntosavanzamos.

CHECK ON THIS: Are you as clear as possible with employees about their roles in fostering a successful D&I environment? One way to set the tone early on in the employee journey is to [add a simple sentence to your job postings](#), one that describes your cooperative's commitment.



HEALTH CARE PROVIDER PAIRS DATA WITH DIVERSE TEAMS TO CLOSE GAPS IN MINORITY CARE

Kaiser Permanente's leadership wanted to address a disparity in health care outcomes for certain patient segments. Using data from their own systems, the provider had identified inequalities in hypertension control for African-American patients and colorectal cancer screening for Hispanic patients.

[According to Fast Company](#), the health care provider created a framework of doctors, nurses, care teams and hospitals. They interviewed African-American and Hispanic patients. The feedback helped the team reach target populations, adapt service delivery and close the gaps they had identified.

"If we just designed the solutions ourselves in isolation, we may miss the boat on critical levers that need to be pulled to get results," Dr. Ronald Copeland, senior vice president and chief D&I officer for the hospital, [told Fast Company](#).

REEXAMINE THE RISK

Pablo DeFilippi, SVP of membership and network engagement for the Federation, explains there is a misperception that only A and B paper borrowers can produce the kind of revenue that makes a lending program sustainable.

“The risk of serving low-income consumers is more perceived than real,” said DeFilippi. “Many don’t understand [the underserved represent] a business opportunity. If we limit our lending to credit scores above 650, we aren’t just failing to meet the needs of a good segment of our membership; we’re also leaving money on the table for others to grab. By forcing members to find financing elsewhere, we’re pushing them into the hands of high-cost, abusive lenders, who will hurt them financially and ultimately even jeopardize the member’s relationship with their credit union. When a credit union is focused on C, D and E paper, they are financially stronger. A and B borrowers produce very thin margins. The lower you go on credit scores, the larger the market and the fewer the competitors. When the institution has more income, it is in a better position to manage risk.” Beyond the business argument to go deeper in the marketplace, credit unions should be thinking in terms of their community impact. What our research demonstrates is you can do well by doing good.”

TRY THIS: Host a series of internal workshops designed to help employees and board members reexamine their beliefs. One you might consider is an [unconscious bias group activity, such as the Tag Game](#).



GOOD D&I IS GOOD BUSINESS

A study by Gallup found gender-diverse business units in retail companies have [14% higher revenue than less-diverse units](#).

Scientific American found that socially diverse groups (with a diversity of race, ethnicity, gender and sexual orientation) are [more innovative than homogeneous groups](#).

Super Consumers, or the top 10% of a category’s consumers, drive 30% of sales, 40% of growth and 50% of profits. Multicultural consumers [disproportionately make up the Super Consumer](#) segment.

The Center for Talent Innovation research indicates organizations with diverse employees and leaders are [45% more likely to grow market share](#) and 70% more likely to capture a new market.

“We develop commercial and consumer loan products that fit the needs of the communities we serve. Inclusion and diversity are vital to our sustainability”.

*- Bill Bynum, CEO
HOPE Federal Credit Union*

PUT YOURSELF THERE

A big part of presenting an authentic face to the community you want to serve is providing members easy access to services where they live and work. Embedding the credit union fully in the community with a branch location is ideal. It very clearly communicates intention and commitment; it also becomes easier to recruit employees with shared backgrounds and experiences.

It’s a strategy that has worked well for HOPE Federal Credit Union in the Mid-South, which has established 90 percent of its branches in low-income areas. “We’re intentional about locating in underserved communities,” noted Bill Bynum, HOPE CEO. “We reach people and places that most other financial institutions fail to see.”

Eighty-one percent of HOPE’s 34,000 members are people of color, and 41 percent of the cooperative’s lending is to minority or women-owned businesses. Of the credit union’s home mortgage loans, 73 percent are made to people of color.

“We develop commercial and consumer loan products that fit the needs of the communities we serve,” said Bynum, who insists this is possible thanks to the credit union’s strategic intention to foster a D&I environment. “We have a diverse, 200-member staff across our region. Our boards of directors also reflect the diversity of our membership and staff.

“Inclusion and diversity are vital to our sustainability,” continued Bynum. “More than half of the children living in Mississippi are children of color. And, the Hispanic population is the fastest growing in the U.S. As the region and the country become more diverse, the business community as a whole must embrace inclusion to remain competitive and innovative.”

HISPANIC OPPORTUNITY NAVIGATOR (HON)

The HON helps credit union leaders design a strategic Hispanic growth plan tailored to their cooperatives' readiness to serve and strategic business objectives. This comprehensive assessment has been used by more than one hundred credit unions to kick start Hispanic growth programs. It includes:

- Customized road map
- Needs assessment
- Demographic market scan
- Branch analysis
- Hispanic membership analysis

For more information, visit www.cooperaconsulting.com.

TRY THIS: Avoid rushing into a new branch location. Partner with an organization like Coopera, which deploys the firm's proprietary Hispanic Opportunity Navigator assessment to help credit unions to, among other things, determine how ready they are to serve a new market, such as the Hispanic market, prior to expanding to a new location. (see sidebar for more).

FINANCIAL INCLUSION MORE NATURAL THAN YOU THINK

Diversity and inclusion are uncomfortable by design. Initiatives that push us to recognize (and fix) flaws in our thinking are far from natural. But, the outcomes are worth the discomfort. And importantly, more consumers are coming to expect these efforts.

A great number of big-brand organizations have become intentional about D&I strategies and have gone public with their successes. Consumers are taking notice. In fact, 90 percent say they expect companies to [operate responsibly to address social issues](#). Fifty-five percent of consumers are [willing to pay more for products and services](#) offered by companies that make a positive social impact. Research like this is really important to consider, as it not only relates to the underserved. Consider that the well-served among your membership may appreciate your D&I efforts just as much as your new and prospective ones.

Remember, too, that good D&I is good business. The initiatives you deploy do not have to be purely altruistic. It's okay to talk about serving new markets in the context of building a healthy and sustainable cooperative. Connect your goals to the overall mission and business objectives of your credit union, and you may find diversity and inclusion are more natural than you think.

WHERE TO START

As you consider different directions for your strategic financial inclusion plan, consider starting with the Hispanic market. As one of the largest, youngest, fastest-growing and most underserved consumer segments in the U.S., Hispanic communities present a terrific opportunity for you to experience immediate and measurable impact. For all the interest, news coverage and lip-service the Hispanic market has inspired in recent years, it remains a largely untapped market. For credit unions, this means not having to compete as intensely for the attention, nor the business, of member prospects. Consider, too, the [Hispanic market is multifaceted](#). Not all Hispanics are underserved.

From there, you may find your financial inclusion successes and lessons learned can scale to other markets, allowing your organization to efficiently change the financial lives of even more underserved people. ■