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One CU Employee Has Particular Bond For New Americans

By Michael Muckian

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Even before she joined the staff of Desert School Federal Credit Union on June 7, Emma Garcia knew how important it could be to personally reach out to metropolitan Phoenix's underserved Hispanic population. As a naturalized U.S. citizen, Garcia understood the challenges she would face as Desert Schools' new director of community development from having lived them.

"My dad is not a U.S. citizen and does not speak English," said Garcia, who was born in Mexico. "There was only one bank teller he would trust and he would wait in line to see that person rather than go to anyone else."

Garcia's father, a permanent resident, and her mother, a naturalized citizen, are characteristic of the people \$2-billion Desert Schools now serve after the credit union was awarded a 30-square-mile tract in central Phoenix by NCUA in 2002. It's a neighborhood the credit union has cultivated over the past two years, growing its penetration to 2,500.

For Desert Schools, which has 275,000 members, serving the underserved is not about the money. Its ROI comes in the form of human capital and its net gain is in helping this specific population segment realize it's own gains in personal financial growth, said Jaime Boyer, Desert Schools' senior director of marketing.

"As they grow financially, of course, we'll grow, but that's not why we do it," explained Boyer. "It really is all about the service."

And the credit union knew it would have its work cut out for it once it was awarded the census tracts comprising the underserved areas.

The neighborhoods and businesses were comprised of 64% Hispanic, 26% Caucasian and 10% African-American residents. The median household income for the area was \$26,000, well below the federal poverty level of \$36,000.

"In Mexico, people didn't trust banks because the country's past political and economic turmoil led many to lose their savings," said Boyer. "Despite those fears, we knew these people really needed financial services."

Because many weren't citizens, the credit union faced another problem when it came to offering them services: Many lacked valid Social Security numbers, making even simple transactions challenging. To combat that, Desert Schools became one of the first credit unions to accept the Matricula Consular, the formal identification card issued by the Mexican government.

In the wake of the Sept. 11, 2001 terrorist attacks and the rise of the U.S. PATRIOT Act, accepting the Matricula initially raised security concerns within the credit union, said Boyer. However, extensive research showed that the standards required to earn a Matricula were even more stringent than they are to get many U.S. identifications cards. Applicants have to show proof of Mexican birth and residency in the country before they can qualify, she said.

"It seems like the (Mexican) government listened to financial institutions when they developed their requirements," said Boyer.

Many new members from the underserved areas with steady jobs also had Individual Tax Identification Numbers, known as ITINs, that together with the Matricula provided identification sufficient to receive all services other than home mortgages. In the case of those who had only Matricula cards, Desert Schools created a special program of services.

"We want to give them **a safe place to keep their money**," said Garcia.

For members without ITINs Desert Schools offers check-cashing services, non-interest-earning checking accounts and funds transfer services through IRnet to allow them to send money back to Mexico at less than half the amount charged by Western Union.

Offering services may be one thing, but Desert Schools knew it had to approach residents in ways that didn't involve traditional marketing and advertising efforts. "We have to work hard to gain their trust because they don't trust banks," said Garcia. "Credit unions are even more foreign to them than banks."

That part of Desert Schools' development strategy involved a considerable amount of community outreach, including visiting churches, schools and community groups to introduce itself and talk about its commitment.

"We did all we could, including helping in neighborhood cleanup to show that we were committed to the community," said Boyer.

Word-of-mouth spread and one person's good experience with Desert Schools led to several neighbors becoming members. Branches along the periphery of the neighborhood and a growing grocery store network staffed with bilingual

tellers helped the new members feel more at ease and that, too, led to increased growth in Phoenix's central city.

Success also led expansion into another area with even greater challenges. In January, Desert Schools received approval to serve all of the largely rural Pinal County south of Maricopa County, home to metropolitan Phoenix.

Residents of Pinal County occupy a similar income stratum, but their demographics broaden to include a significant percentage of Native-Americans, many of whom live on federal reservation land within the county. Access to financial services is even more limited and lack of a metro-area population concentration makes delivery a challenge.

Desert Schools is proceeding slowly but deliberately in Pinal County, hoping that an in-store branch in a new Fry's grocery store in Apache Junction will give the credit union the toehold it needs to make an impact on the financial needs of the county and its residents.

The marketing strategy has become a challenge, but no more so than that for any other member subset that DSFCU serves, Boyer said.

Personal contact, school and community outreach, direct mail and whatever it takes to reach Pinal County residents and bring them the financial services they need is on the list of Desert Schools' marketing possibilities, she said. "The biggest thing we've learned is that there's no cookie-cutter approach to marketing to these communities," said Boyer. "Each segment requires something different."

And that's true of products as well. Desert School is in the process of reviewing its 128 different types of mortgages to see if one can be adapted for borrowers with Matricula Consular and ITIN numbers, similar to those being offered undocumented immigrants in Milwaukee, Chicago and California.

"We are trying to find ways to document loans that use a minimal downpayment and multiple income streams from several generations of family members to qualify," said Boyer. "We really do care about these people and want to enrich their lives if we can."

Garcia has no trouble embracing such a plan. It's a life she knows and she understands the desire and need the underserved members have for critical services many others just take for granted.

Just ask her dad.