

 Click to Print[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Bankers come calling on Hispanic leaders

Fastest-growing group in United States uses bank services the least.

By [Claudia Grisales](#)

AMERICAN-STATESMAN STAFF

Sunday, March 21, 2004

In his 15 years at St. Julia Catholic Church in East Austin, Monsignor Lonnie Reyes has led a congregation of 1,200 Latino families and earned a reputation as a respected religious leader.

But when bankers look at Reyes, they see something else: someone who can open the door to more customers, helping them tap into the fast-growing Hispanic market.

A few weeks ago, Marie Hernandez Sanchez, a sales representative for J.P. Morgan Chase & Co., paid a call on Reyes. She was trying to persuade him to switch his business from Bank of America Corp. to Chase and to allow her access to his parishioners.

By the end of the meeting, Sanchez had made arrangements to start attending monthly Mexican American parents groups and set up informational booths at the Lyons Street church after services.

While Reyes was surprised the bank would go out of its way to visit him, he understands why they would work so hard to reach out to the Latino community. "They recognize the potential of the market," he said. "There is a lot of money there."

In Central Texas and around the country, banks and credit unions are furiously stepping up their efforts to attract customers from the segment of the population that is growing the fastest and that uses financial services the least.

Already 37.4 million strong, the Hispanic population is forecast to be 60 percent larger by 2025. By 2030, experts say that nearly half of all Texans will be Hispanics.

But only 65 percent of Hispanics have bank accounts, compared with 95 percent of non-Hispanic whites and 76 percent of African Americans. Hispanics also have lower rates of credit card use and home ownership than non-Hispanic whites, meaning there are plenty of potential new customers.

"The strength of this community is its growth," said Ann Baddour, program manager at Texas Appleseed, a nonprofit advocacy group that has focused recent efforts on Hispanics and banking. "The more people

working on this the better . . . It's one of those rare instances where both the community and the businesses can win."

But reaching potential Hispanic customers requires more effort and different strategies than banks are used to, as Sanchez' visit to St. Julia's demonstrates.

Among other issues, the Hispanic population is diverse. Immigrants may have limited or no English and be suspicious of banks, based on their experience in their home countries. Because Hispanics often have lower incomes than other segments of the population, they may be leery of having to pay for bank services. And many may simply not understand the basics of maintaining a checking or saving account.

Greg Hassell, a Houston-based spokesman for Chase, says that banks can do all the mass media marketing they want, but what has worked with Hispanics so far is working in the communities and one-on-one time with individual customers.

"It's more than just opening the doors. We send bankers into the community. The bankers come to your office, sit down and explain things like direct deposit to these employees who can be brought into the economic mainstream faster," he said.

This month, Chase started blitzing members of the Texas Association of Mexican-American Chambers of Commerce, seeking to enlist the member companies as customers.

Chase will provide free checking to the companies, and for their employees, if they sign up to the Workplace Financial Solutions program. The bank says the free checking program saves businesses anywhere from \$30 to \$200 in monthly fees and \$10 to \$22 a month for their employees who open direct deposit accounts.

Wells Fargo, which has its headquarters in San Francisco, has been among the more aggressive big banks. Its branch inside the Fiesta Mart on N. Interstate 35 is open seven days a week, including until 7 p.m. on Saturdays. The branch is so popular that the line of customers is sometimes so long that it stretches outside the store.

Wells Fargo also holds classes at churches, schools and nonprofit agencies, where it teaches the basics of having a bank account.

"We come out, and the materials are free," said Theresa Alvarez, a community development officer for the bank. "They really are interested in learning."

The company is also promoting its expanded online Spanish language banking services. A 45-foot-long Wells Fargo bus, with 18 Internet stations, is traveling from San Diego to Texas. Last week, the bus was in San Antonio and cities along the border. On Monday, it will stop in Burnet.

Washington Mutual Inc. also has teamed up with Hispanic civic groups and has much of its material, right down to deposit slips, available in Spanish.

"The challenges we have go beyond Washington Mutual — it is really to understand what are the main barriers for (Hispanic) consumers to become banked consumers," said Eduardo Sayan, vice president for emerging markets for the Seattle-based bank, which has 14 Central Texas branches. "I think we have just

scratched the surface."

Time consuming

Bank One's experience shows both the challenges and the potential rewards of reaching out to Hispanic customers.

It can take a teller 15 to 20 minutes to open an account for the typical new customer. When that new customer is Hispanic with no prior banking experience, that can stretch to 45 minutes, says Mikel Williamson, Bank One's district manager for the Austin area.

Bank associates spend more time explaining how to balance a checkbook, how to use online systems and other basics the customer may not be familiar with, and speaking Spanish is often essential, he said.

"If you spend the time, not only will they bring in more funds, but bring in more business (referrals) and stay longer," he said.

As a result, Bank One has made an aggressive push to hire more bilingual speakers at branches in Hispanic neighborhoods. For example, at its Govalle branch on East Seventh Street, seven of the nine employees speak Spanish.

The move is starting to pay off: So far this year, the number of new checking and savings accounts and sales of investment products, such as mutual funds, at the branch were up 175 percent compared with the same period of 2003.

Other locations that have added more bilingual employees in the past year have also reaped the benefits, Williamson said. Bank One's South Lamar Boulevard branch has sold 600 percent more in investment products between Jan. 1 and March 15 this year than in the same period a year earlier, Williamson said.

Bank One has also partnered with the Greater Austin Hispanic Chamber of Commerce, and will host barbecues at several branches this month.

And next week, the bank launches a new national marketing campaign, in Spanish, with the theme "primero lo primero," or "first things first," targeting people who don't have bank accounts.

Banking executives say advertising goes only so far in a community where word of mouth and family referrals are crucial.

"I love our advertising, but what we've talked about with our people is: know you're going to get most of your business, and your best business, from referrals," Williamson said. "They are bringing their friends and family back."

At St. Julia's, Reyes said the personal visits count for a lot.

"That Maria comes over to the church. Otherwise, I wouldn't even consider it," he said. "Relationships are a good way to do business."

Soul searching

In reaching out to Hispanics, banks have had to do some soul-searching on one particular issue: whether to provide services to immigrants, some of them in the country illegally and without standard forms of identification.

The traditionally conservative financial services industry was reluctant to wade into the potential controversy.

But two years ago, after several immigrant workers were killed in Austin for their money, police approached Wells Fargo executives, seeking help.

Rick Burciaga, the bank's regional president, agreed to accept identification cards issued by Mexican consulates. Burciaga was a pioneer; now, hundreds of banks around the country accept the cards. Last year, Wells Fargo crossed the 250,000 mark for accounts opened that way.

It is among several banks working with the Austin Police Department to staff booths at flea markets where immigrants can become financially literate.

Banks also have devised new methods for helping immigrants safely send money back home to relatives in Mexico. Last year, Mexicans working in the United States and Americans with relatives in Mexico sent at least \$12 billion back home, according to the most conservative estimate.

Previously, immigrants paid high fees to wire the money home, and currency exchanges took another bite. Now there are other options.

Bank of America, for example, came up with a system that allows immigrants to open a special account. Their relatives in Mexico can access the account using a Visa-logo debit card, free at branches of Mexican partner Santander Serfin or for a modest 10-peso fee (less than \$1) elsewhere.

Credit unions also are getting into the act.

The Credit Union National Association, led by the Texas Credit Union League, has hired Juan Hernandez, a former official in Mexican President Vicente Fox's cabinet, to spearhead an initiative to win Hispanic customers. They are slated to launch public service announcements about banking on Spanish television stations and have distributed a guide to members called "Credit Unions Serving Hispanics: A National Perspective."

"Pretty much, my goal in life is to serve the immigrants, and this is the start of a new crusade," said Hernandez, who is a former professor at the University of Texas at Dallas. He spends much of the time traveling to give talks to credit union employees and Hispanic audiences about the value of banking.

Next month, Univision will begin airing segments featuring Hernandez on financial education, from how to buy a car to opening an account.

This summer, the state's alliance of community and state banks plans to hold a conference for members on how to grow their share of the market.


"I think you are going to see a lot of efforts in the next several years," said Chris Williston, who heads the alliance. "I think it just represents a wonderful opportunity for our industry."

cgrisales@statesman.com; 912-5933

Vote for this story!

Find this article at:

<http://www.statesman.com/business/content/business/stories/archive/0321bankers.html>

 [Click to Print](#)

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.