

THE BRIDGE

PARTNERS IN COMMUNITY DEVELOPMENT

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The Bridge is a quarterly e-magazine published by The National Federation of Community Development Credit Unions (FEDERATION), intended as an educational resource highlighting best practices, insights and commentary to help credit unions better serve underserved and emerging markets through innovative products, services and partnerships.

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President/Chief Executive Officer

Cathie Mahon



Visit the Federation's new website to submit photos of your credit union's activities for use in future editions of The Bridge at: www.cdcu.coop/member-submissions/

From the President's Desk



Every day community development credit unions work to bring safe, affordable financial products and services to the underserved. As the credit union industry celebrates International Credit Union Day on October 17th, the Federation recognizes and celebrates its member credit unions for their commitment, innovation and success in serving low- and moderate-income people and communities.

Community Development Credit Unions, or CDCUs, are financial institutions that become community institutions, helping those disappointed or disenfranchised by mainstream banks build financial security. Through credit building and small dollar loans, payday loan alternatives, micro business and consumer loans, housing counseling and financial literacy programs, CDCUs have become a force for change in low-income communities and the better choice for low-income consumers. In much the same way credit unions are relevant to the estimated 68 million unbanked and underbanked adults in the US, these same consumers are relevant to credit unions. Unbanked and underbanked adults earn over \$1 trillion in annual income. When their financial needs are not met by credit unions, the unbanked and underbanked turn to check cashers, payday lenders and pawnshops, generating more than \$78 billion in fees and interest for fringe lenders each year.

This issue of *The Bridge* is devoted to celebrating the Federation's diverse membership, growing the number of community development credit unions and in recognizing CDCUs's unique ability to expand financial inclusion to an ever-increasing number of Americans. The credit union community has a historic opportunity to empower underserved communities on a scale that hasn't been possible before. Through August, almost 2,000 credit unions with over \$150 billion in assets have received NCUA's low income designation. The designation, combined with CDFI certification, is the first step in building a sustainable community development strategy.

Over the past year, the Federation has broadened its focus to provide the information, tools, and partnerships to help credit unions of all shapes and sizes better serve underserved markets. With its expertise in community development, asset building and financial empowerment, the Federation helps credit unions grow and build a loyal membership base. We serve as the bridge to connect credit unions to local economic development, affordable homeownership, service delivery systems and the network of non-profit civic institutions that make communities, and the people who live in them, strong. We hope you enjoy this issue of *The Bridge*, featuring articles from Alternatives Federal Credit Union, Hope Credit Union and St. Louis Community Credit Union and the many ways they've found to connect with their communities and grow membership. Visit us online at www.cdcu.coop/member-submissions/ to share your insights, challenges and successes as we celebrate Credit Union Day.

Cathie Mahon

AN EXPERIENCE COMPETITORS CANNOT DUPLICATE –

The Reason Members Join A CDCU

BY TRISTRAM COFFIN

Community Development Credit Unions (CDCUs) are uniquely positioned for growth in today's environment. Without the sales and marketing resources of strong local competitors, Alternatives Federal Credit Union in Ithaca, NY has managed double digit rates of asset and loan growth over the past few years. It has done so by offering unique functional and emotional benefits that meet the needs and reinforce the values of its members. In a world of increasingly homogenous banking institutions, we've shown that a CDCU can succeed by being different.

Like most CDCUs, Alternatives Federal Credit Union has branded itself as a community institution. This position evolved over many years and has been essentially validated through research and increasing levels of member support. The Alternatives brand was further defined through member feedback and surveys which identified the attributes of most interest to those we serve. The credit union pursued strategic objectives designed to improve access while maintaining its unique position as a hybrid financial and social service organization. As a CDFI, Alternatives developed a Credit Path model designed to take people along a product progression from being transactors outside the financial system to become successful savers, borrowers and ultimately owners of assets such as homes and small businesses. A variety of educational and community service programs complement the financial products offered to help people work toward their financial goals.

Among those with the means to have a choice among financial institutions, many in our market choose Alternatives because they support the organization's mission. Just as socially responsible investing has attracted dollars from people who wish to align their personal beliefs with their financial choices, Alternatives has become a socially responsible banking option for people in the Ithaca marketplace. Many cars sport Alternatives "Proud to be a Member" bumper stickers, indicating a unique level of engagement with the community.

This support has been enhanced by a position as the "Green" financial institution in Ithaca, a bastion of environmentalism that is home to Ithaca College and Cornell University. Whether through unique loan products designed to eliminate cash flow obstacles to home energy improvements, financing of "green businesses", or integration of sustainable practices into internal operations, Alternatives has connected economic and environmental concerns in ways that are important to a significant section of its market. As an organization with roots in supporting small business, Alternatives' commercial lending and related technical assistance to businesses have further defined the credit union as an engine of

local economic growth and resilience.

Some of the defining characteristics of Alternatives have been:

- **Mission as a Differentiator:** Alternatives Federal Credit Union has distinguished itself by creating a genuine brand built on social responsibility. The credit union's mission of building wealth and creating economic opportunity for underserved people and communities gives it a clearly defined market focus. It exists to serve the underserved. Therefore, products and delivery systems are specifically designed to meet the needs of people who are often underbanked and outside the financial mainstream. In some cases the traditional assumptions of banking are turned upside down in order to make the credit union work for its low income members.
- **Customized Products and Services:** Most other financial service providers who cater to the low income market do not help their clients move forward to a new stage of financial development. At Alternatives, products are designed with the Credit Path in mind. Often Alternatives is an institution of last resort for members who have struggled with accounts elsewhere, cultivating a high degree of loyalty.
- **Welcoming Environment:** A traditional credit union can itself be a barrier to those distrusting of financial institutions. With friendly staff who greet members as individuals, as well as features such as a play/reading area for children and a casual dress code that matches the norms of the community, Alternatives seeks to eliminate institutional obstacles.
- **Cultural Diversity:** In an ethnically and culturally diverse environment, Alternatives has worked to ensure that members can see their own uniqueness represented in their credit union. These efforts range from internal hiring and training initiatives to visual elements such as a window sticker displaying a rainbow themed version of the credit union logo, which symbolically differentiates Alternatives from more traditional intermediaries.
- **Partnerships:** The credit union has partnered with over sixty organizations to educate the community about Alternatives' products and programs. These partners provide a trusted bridge that connects underserved people with financial services. These and other elements form an interlocking set of activities that are difficult for others to duplicate. Recently Alternatives' Board established a bigger vision for growth. While we have had modest success in this area we have a very long way to go. Nonetheless, as CDCU leaders we should embrace the challenge of growth as

AN EXPERIENCE COMPETITORS CANNOT DUPLICATE –

The Reason Members Join A CDCU

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the means by which we can be part of productive change in our communities.

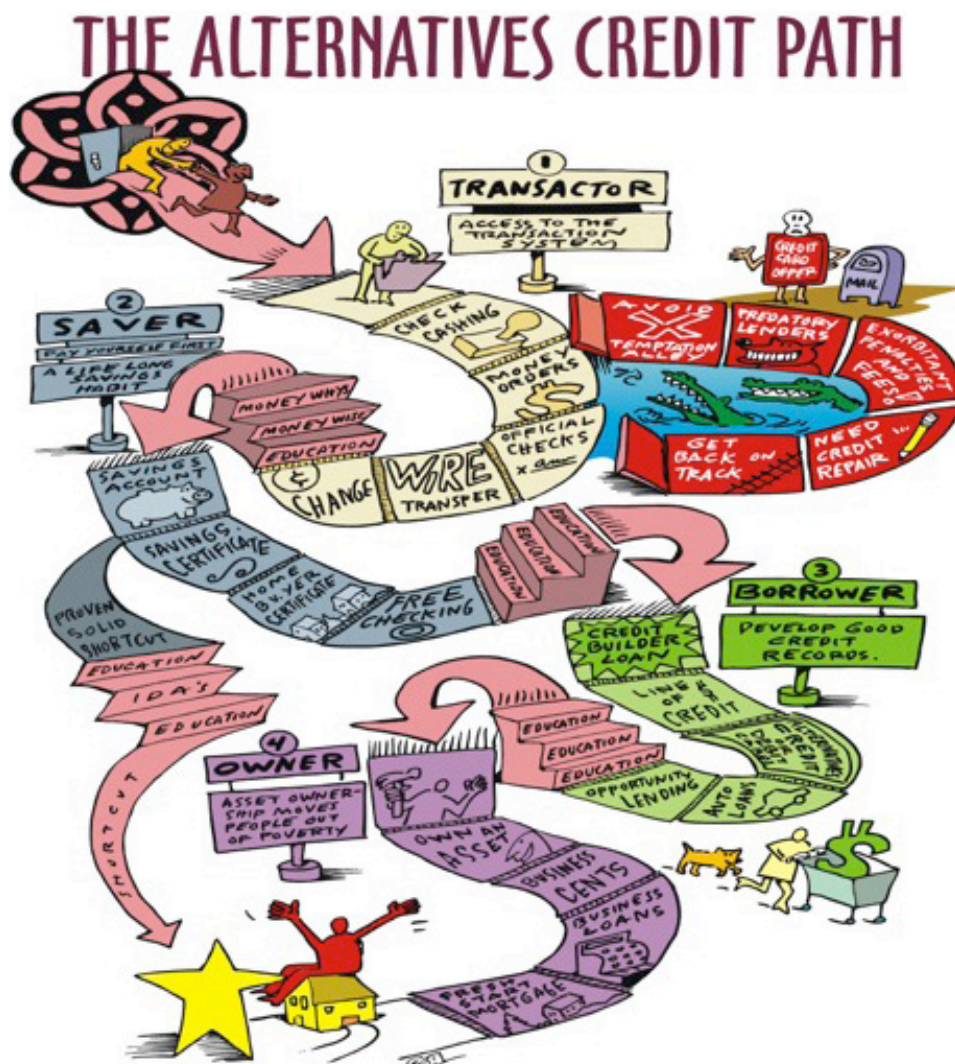
Every CDCU will need to define itself in its own way. Today's financial marketplace provides the consumer with no shortage of possible choices. Like all credit unions, CDCUs can emphasize the traditional cooperative attributes of people helping people and superior service. However, those elements are prerequisites – they do not create the advantage of having a unique position in the mind of prospective members. Many credit unions fail to differentiate themselves because they solely focus on being better and not different. For CDCUs to grow through their own uniqueness, some possible steps include:

- Refined Market Focus: While CDCUs serve low income clients, a diverse membership can help to sustain and stabilize. Without trying to be “all things to all people”, CDCUs can gain scale and

impact by identifying different audiences to whom they can be responsive.

- Member Research: Interviewing and surveying members can determine commonly held assumptions and beliefs about our credit unions and financial services in general. In Alternatives' case, perceptions of service and operational challenges were a barrier to growth, so the credit union has pursued objectives designed to enhance member convenience and ease of use. Determine the unique elements that already exist: Through existing success stories and anecdotes, themes emerge that can help to define and explain a CDCU to the outside world.
- Develop a “theory in action”: By developing and testing assumptions about how members are empowered by their credit union, new ideas can more easily be aligned with both organizational mission and member need.

Once these elements are identified, they can be part of a blueprint that is consistently communicated in words and actions that resonate with our members. To position ourselves for growth, CDCU leaders can work with volunteers, staff and members to give people in the targeted market a clear and meaningful basis on which to choose the credit union, and develop a brand that members experience differently than others.



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Winning the Hearts and Minds of the Millennial Generation

BY SCOTT BUTTERFIELD

Millennials are a passionate group. As the father of five millennials, I can tell you that they believe in causes and want to make a difference. Their passions and interests are central to who they are and the direction they are headed. The choices this group collectively makes and their ultimate destination will significantly alter our world. According to Inc. Magazine (September 2013), this generation will spend approximately \$2.45 trillion in 2015, escalating to \$3.39 trillion by 2018 and far surpassing Baby Boomers. It's no wonder that the world (and credit unions) want to win the hearts and minds of this generation.

The disconnect

Credit unions believe in causes, want to make a difference, and have products and services that this generation could use to pursue their passions. Yet, this generation has been slow to buy into the credit union concept. Why?

Unlimited choice: Millennials have an unrelenting demand for choice in all aspects of their lives. Unfortunately, far too many of us are trying to sell yesterday's products and access to today's generation.

Lack of relevant products and services: Millennials are adopting Alternative Financial Services (AFS), i.e., check-cashing, pre-paid cards, and payday loans, in big numbers. Think Finance (<http://thinkfinance.com/>) recently completed a survey of under-banked Millennials (18 to 34 years old) who supplement their bank accounts with prepaid debit cards, check-cashing and payday loans. The findings of the report challenge the stereotype of AFS users as lower-income consumers forced to turn to AFS. The survey found that under-banked Millennials with mid to high levels of income are using alternative financial services at rates similar to, and in some cases higher than, their lower-income peers. The survey also reported that Millennials were satisfied with their experience when using AFS and consider them important financial tools.

Story telling: For the most part, this generation hasn't heard our story. They have little or no knowledge of our cooperative, not-for-profit, community-focused structure. They are not aware of the quality of life impact made by credit unions in their local communities each and every day. Community development credit unions may want to consider incorporating their mission into their messaging.

Strategic focus: Or lack thereof. Ask any credit union and they will tell you that the average age of its membership continues to rise, with more and more members moving beyond their prime



borrowing years (25-44). There are many tactics to reach this market, i.e., mobile apps, social media, and youth programs. Good ideas each, but lacking the longer-term strategic focus on the cultural, product and service shift that is needed for long-term relevance in this market space.

Five winning ideas

1. Have a clear strategic priority. We must adapt to become (and remain) relevant in the lives of Millennials. A business model is needed that works in this new environment. Changing products, access, and services must be profitable and scalable for future sustainability.
2. Offer the products they want. Don't judge. Millennials are pursuing AFS – let's offer similar products with better value. This generation is price-conscious, and collectively they will admit they lack financial skills or knowledge. Now is the time to seize the opportunity and deliver what they want, become their advocate, and teach them the financial skills they need for a better quality of life. It just might be that pre-paid card that gives you the opportunity to connect and make a difference.
3. Provide choice and convenient access. Be available on their terms. Mobile banking is no longer a "want," it's a "need." If you don't have it, you are living in the past. Remote deposit


Winning The Hearts and Minds of the Millennial Generation

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capture is also a need. But that's not all; credit unions must evolve with changing needs and technology.

4. Get input, interact and engage them. Reach out to and listen to Millennials. Find out what they want and involve them in the process of creating it. Hire them and recruit them for open board positions. Get their help in shaping your strategies and business model.
5. Communicate your relevance and share stories. This group wants to be part of a movement. Ignite their passion by telling your stories and engaging them in your community partnerships and projects.

Futures at stake

Our charters and the future of credit unions are at stake. Credit unions cannot afford to skip this generation. NCUA Chair Debbie Matz has raised the call by saying, "If your credit union is going to have a tomorrow, you need to reach young people where they are with the products they want and need. If you're not doing these things, you are foreclosing on the future of your credit union." Matz's statement is a serious wake-up call for all of us. 

Now is a time for action.

If you don't have a strategy that is showing measurable results, get help. One of the greatest benefits of Federation membership is the direct access to experts who understand how to reach emerging and underserved markets. The Federation has resources to help with financial education development, and AFS. The Federation's CU Breakthrough team is here to help you win the hearts and minds of Millennials and your community. Contact Scott at CUBreakthrough@cdc.u.coop.



SCOTT BUTTERFIELD
*Member of the CU Breakthrough
Consulting Team, CDCU*



Adding Mobile Services – A No-Brainer

BY SARAH C. CAMPBELL

For Hope Credit Union, the decision to add mobile services was a no-brainer.

Hope members are mostly blue-collar working individuals, who are spread across a large, predominately rural territory in Arkansas, Louisiana, Mississippi, and Western Tennessee. And they have little flexibility during the workday.

“Our mobile phone app provides unparalleled access to financial services, and allows us to take our mission of serving the underserved to an exciting new level,” said Hope’s CEO Bill Bynum.

Popular features offered by Hope’s app include the ability to check balances, to deposit a paper check (using the smartphone’s camera) remotely, to pay bills, and to transfer funds between multiple accounts.

Coupled with a debit card, which allows members to access cash without paying a fee at numerous retail outlets and no-fee ATMs, the mobile app all but eliminates the need to visit a branch.

Mobile app usage by Hope members has grown from 800 users in December 2012 to more than 2,000 today. “Having the branch in your hand makes a tremendous difference,” Bynum said.

In some ways, the success of the mobile app at Hope is counterintuitive.



A typical Hope member has fewer financial resources than a typical bank customer. One quarter of the counties in the region Hope serves are persistently impoverished, which means more than 20 percent of residents have lived in poverty for three consecutive decades.

“Traditional banks assume that lower income people don’t have the capacity to use the tools that most of their customers take advantage of,” Bynum said.

But what Hope realizes is that lower income people are resourceful. “They know how to do a lot more with less,” Bynum said.

For example, many people who cannot afford a home computer, internet and telephone, instead use a smartphone to address their communications needs. Research indicates that smartphone penetration is higher in lower income communities. This makes these people and places prime candidates for a mobile app.

Hope sees significant potential for growth in the Mid South, which has the highest percentage of people in the country who do not have a bank account, or who rely on payday lenders, check cashers and other alternative, often high-cost, financial outlets.

“There is a tremendous need for the safe and non-predatory services,” Bynum said. Because many communities in Hope’s territory are too small to support a full-service branch, Hope’s strategy is to find innovative ways to bring branch services to people.

In addition to the mobile app, Hope is working to place ATMs in community grocery stores, co-ops, college campuses and other areas frequented by its priority market segments. Hope also recently added an online membership application.

“We’re looking to serve our members where they are in a manner that meets their needs,” Bynum said. “Our focus group research has affirmed that consumers in distressed rural areas are accepting of technology.”

Hope’s mobile strategy has evolved over the past few years. Bynum



Adding Mobile Services – A No-Brainer

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said it took time to find the vendors who could provide the right combination of features. Malauzai Software developed the app, iPay technologies provides the bill pay functionality, and Blue-point Solutions provides the remote deposit service.

While Hope's current membership, at 28,000 strong, is not skewed to the younger demographic, Bynum sees potential in the 20-30 age group. But he also believes Hope's older members will be willing to try Hope's cutting edge technologies.

"We can close the technology gap between younger and older consumers through education and by working with local partners," Bynum said. "Churches, non-profits, employers and other trusted advisors can help connect with those who need our services."

There is evidence that Hope is on the right track. People older than 55 represent the fastest growing demographic on Twitter, a micro-blogging platform, according to GlobalWebIndex.

"Everyone deserves fair access to affordable financial services," Bynum said. "We're going to change the way low-income people engage with the financial system."

For more information about HOPE's program, contact Scot Slay, Vice President of Marketing and Communications, at: SSlay@hope-ec.org

51% of Americans Bank Online

In August 2013 the Pew Research Center reported that 51% of US adults bank online and 32% transact bank business on their mobile phones.

Both types of digital banking are on the rise. In 2010, 46% of adults banked online. The growth of mobile banking is even more rapid, with 18% of cell phone owners banking by phone in 2011.

Men are more likely to bank online than women, though men and women bank on their mobile phones at the same rate. Non-Hispanic Whites and Hispanics bank online at similar rates, and at rates higher than those for Non-Hispanic Blacks. In contrast to online banking trends, Non-White cell phone owners, including Hispanics, are more likely than Whites to engage in mobile banking. Younger adults are reporting the most significant increases in both online and mobile banking.

Find more details from the Pew report about online and mobile banking by gender, race, age, education and household income at cdc.coop.



Cooperative Finance Leaders for America: *Notes from the Field*



The Cooperative Finance Leaders of America (CFLA) is a new Federation program designed to promote and grow the future leaders of the credit union movement. Fellows with a passion for community finance have been placed with Federation member credit unions throughout the US. Launched in August 2013 with a week of training at the Federation's offices in NYC, the fellows began their six-month assignments in September.



Rachel Barker, CFLA Fellow and **Carole Wight**, President, Holy Rosary Credit Union - *Kansas City, MO*

I learned a lot since becoming a CFLA Fellow! After returning from training at the Federation's offices in NYC, I have been continually learning consumer and business loan processing and underwriting. There is a great demand for both types of loans at Holy Rosary CU. Along with learning about all aspects of lending, I am developing programs and partnerships to help local small businesses succeed. The success of members and small businesses is the success of the credit union.

Things have been very busy and exciting here at Credit Union of Atlanta over the past six weeks. Since our kick-off training in August, I have been creating, planning and executing marketing promotions. My focus is on engaging and informing members to utilize more credit union products and services. Some of the products and services that I am working on include lobby days, E-Statements and E-Receipts. We are also gearing up for our 2013 Holiday Loan and Skip-A-Pay promotions. We are looking to end the year with a bang!



Sheila Montgomery, President/CEO, Credit Union of Atlanta and **Monique Dunbar**, CFLA Fellow - *Atlanta, GA*

Cooperative Finance Leaders for America: *Notes from the Field*

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Alex Bibb, CFLA Fellow, **Robin Romano**, President/CEO, MariSol Federal Credit Union, and **Rusty Hampton**, Business Development Manager - Phoenix, AZ

I've had an opportunity to work at MariSol for the past six-weeks. I started in late August after being in New York City for the past year and a half working on a community development project for a national non-profit. An adventurer by nature, I've done study abroad in Chile and taught English in Colombia. I thought the Community Fellowship Leaders for America

(CFLA) program would be a great way to continue my career path in community development finance. After an intensive week of training in NYC, I headed home to Dallas for a few weeks and then on to my fellowship in Phoenix. I am concentrating mainly on Business Development and Marketing for the credit union. I am working closely with other staff and learning all about credit union procedures and outreach to the community. I am learning how to run financial literacy classes. MariSol conducts financial literacy classes for the community, working with local schools, county employees and people seeking citizenship. We are also working with local non-profits like the Urban League to bring financial education to schools. Later this year, we will partner on a Toy & Bike Drive. I am also taking this opportunity to explore Phoenix and do some hiking. I have already gone to the Grand Canyon and looking forward to going to Sedona. While I do miss the burgers from NYC, this has been a very good experience.

At the beginning of my fellowship, the Treasurer-Manager and I identified five areas to develop at Fidelis Federal Credit Union: Marketing, Charter Conversion, CDFI Recertification, development of new products and services, and Board Training. Of these goals, we have successfully completed our CDFI recertification. In the next six months we plan to develop a logo and marketing materials, which will help us reach out to our new partnership with another church. We also plan to expand our field of membership by converting from a faith-based to a community charter. We will work together to expand the number of services to Fidelis's members by offering ACH and direct deposit. Lastly, we plan to secure more training for our active board members, and develop a succession plan. I am looking forward to working with Fidelis and



Preeya Saikia, CFLA Fellow and **Mary Barthell**, Manager/Treasurer, Fidelis Federal Credit Union - New York, NY

its board members to see these projects through. At the completion of these projects, I know that we will witness a stronger institution.

The Foundations of Marketing Success

BY BILL MCKENNA

Every Credit Union Desires Growth

I have been asked the same question hundreds of times: “What is the best way to maximize my marketing efforts?” My answer is always the same: “Make sure you are focused on the right goals, utilize marketing basics, and then build from there.” There absolutely is no magic marketing bullet. When it comes to growth, it’s about laying a solid foundation with a clear marketing plan and making sure your marketing gets out the door so it is seen by your members and potential new members.

We must establish marketing goals and use our first marketing dollars toward the most important goals. It is very easy to get sidetracked and spend your marketing budget in areas that are not the most important. Today, most credit unions identify the following three goals as their highest priorities.

Goal 1: Increase Loans The best way to increase earnings is lending money to members. This is most likely your highest priority as well. New & Used Vehicle Loans, Personal Loans, Credit Cards and Home Equity Loans seem to be the best loans right now. Depending upon your size, other loans such as mortgages and business loans can also be very successful. Continue to use marketing campaigns which feature loan offers to members and non-members.

Goal 2: Grow Members Everyone wants new members. You can get new members to join your credit union by marketing strong, clear product offers. People join when they have a need for a product or service. If you are on their radar when they have a need, you have a much better chance of bringing them in as a member.

Tip #1: The very first time someone responds to your product offer is your chance to close the deal by personally showing them the many other “benefits of membership” and why they should belong to your credit union. You must also personally demonstrate what makes you different and better than a bank. We say we excel at service, but do we really?

Tip #2: If you try to sell the benefits of membership as your lead point, it will not work nearly as well. Credit union membership is a somewhat complex message that works best via a personal selling approach. I wish I had time to share more about this--trust me, having conducted literally thousands


of new member campaigns, the most successful ones always lead with strong product and service offers.

Goal 3: Increase Use of Product & Services

Credit unions are continually adding new products and services. In most cases these are very good decisions. To be competitive today we must provide the services and access people desire. This is especially true when you want their checking account and desire to establish yourself as their primary financial institution. Once you have invested the money in new services, make sure you continue to promote and target members who are not using them.

For this goal, a segmented, targeted marketing strategy will allow you to maximize your investment, build deeper relationships, reduce costs of transactions, and allow you to increase earnings. This may seem obvious, but I have found many credit unions add services and then never get members to use them.

One Last Thought

Frequency is still the primary driver of credit union marketing success. If you are not in front of members and non-members when they have a product or service need, it will be nearly impossible to grow. You must continually market your services. Don’t forget member service representatives and tellers whose services are invaluable when introducing and cross-selling new products. Build these simple goals as your Foundations for Growth and you will see a greater marketing ROI and the success you desire. 



BILL MCKENNA
Consultant for Membership Marketing Support Services, MMSS

MMSS helps credit unions increase membership, profitability per household, and use of products and services. For more information, contact Bill at: bmckenna@mmss.com.



Marketing Trends

The Bridge is honoring National Hispanic Heritage Month with a closer look at trends affecting Hispanic women, also known as Latinas. Nielsen, a leader in multicultural research, and the Hispanic/Latino Advisory Council published the Latina Power Shift in August, 2013, reporting on important changes among Latinas, particularly regarding Latina women who make the majority of household spending decisions for the \$1.2 trillion Hispanic market. Below are excerpts from the report that might be of interest to credit unions marketing to Hispanics.

The Demographics

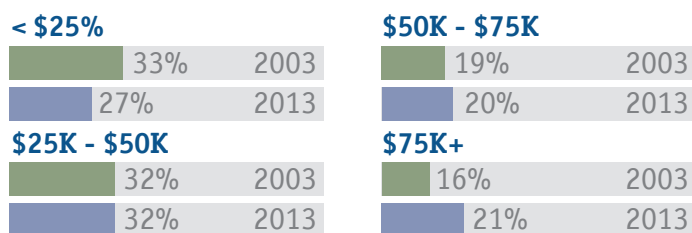
Latinas represent an evolving demographic and economic market in the US. With their focus on family and comfort with blending traditions, Latinas are a cultural force that extends beyond their ethnicity to the larger American consumer marketplace.

The percentage of Hispanic women is expected to grow from 17% of the female population in 2015 to 30% in 2060. By comparison, the percentage of non-Hispanic white females is expected to drop from 62% in 2015 to 43% in 2060. Almost a quarter of all US births in 2011 were to a Latina mom and nearly two-thirds of Hispanic families have children under the age of 18.

Latinas enroll in college at the same rate as non-Hispanic white females (73% and 72% respectively) and at rates higher than Hispanic men (61%). Though Latina four year graduation rates fall below the total population, Latinas are gaining ground in having “some college” and four year graduation rates. Increasing levels of education are translating to higher earnings and household income.

In the past 10 years Latina households have moved out of the lowest levels of household income—from 27% to 33% for households earning less than \$25,000—while experiencing growth in households reporting income greater than \$75,000, 16% to 21%.

Household Income Over Past Ten Years For Latinas 18+



Latinas are entrepreneurs; the share of Latina owned companies rose 46% between 2002 and 2007, faster than for Hispanic men (33%) and total female businesses (20%).

Twenty-four percent of Latinas have increased their contribution to household income in the past year.

Money Matters

86% of Latinas report that they are the primary shopper in their household from groceries to financial services. When asked what she would do with extra money earned in the future, Latina women reported paying down debt (73%) and saving (63%). Despite significant losses in the foreclosure crisis, three out of four Hispanics agree that buying a home is the best long term investment. Hispanics also view homeownership as a symbol of success at higher rates than all Americans, 56% vs. 32%.

Latinas Online

Latinas desire a blended Hispanic - American identity. 87% of Latinas consider themselves equally Latino and American, vs. 71% who consider themselves “more American” and 50% who consider themselves “more Latino”. The connections Latinas favor among family and friends is reflected in their online behavior; 77% of Latinas say that over half of their friends on social networks like Facebook are Hispanic. Online Latinas are bypassing laptops in favor of mobile, with 77% of Latinas owning a smartphone vs. 55% of non-Hispanic white females. 38% of Latinas report using their mobiles for banking in the past 30 days, indexing significantly higher than their non-Hispanic white counterparts.

Implications for Marketing

- Message to Latinas using both Spanish and English: Latinas use both Spanish and English – 34% report speaking mostly Spanish at home, 32% report speaking mostly English and 34% report using Spanish and English equally. Don't assume Millennial Latinas, most likely to have been born in the US, will prefer English. Millennial Latinas share similar levels of Spanish and English usage compared to all adult Latinas.
- Latinas are connected: Communicate with Latinas using a full range of online channels, including social media and mobile.
- Though Latinas are more likely to have made a first time financial investment than other American women in the past year, there are Latinas whose transactions are primarily cash-based and who resist banked financial products. Educating family-oriented Latinas on how to build financial security for themselves and their families represents a significant opportunity for credit unions.



Meeting The Need Through Partnerships: St. Louis Community Credit Union

BY PAUL WOODWARD



Imagine a financial institution that lives and breathes empowerment. It's a place where people are helped through affordable financial services and community-based locations, placing them on a road to financial capability. It meets the needs of the underserved through innovative community partnerships and collaborations.

Say hello to St. Louis Community Credit Union.

As a full-service Community Development Financial Institution (CDFI), St. Louis Community Credit Union serves low-to-moderate income (LMI) individuals living in and around the region's urban areas. Since 2007, SLCCU has experienced an annualized growth rate of 10 percent to 14 percent. This is due to the institution's unique products, strategic locations, and commitment to service.

St. Louis Community offers asset-building products that help disenfranchised consumers. This group is often denied traditional banking due to past account management mistakes. They don't have access to affordable financial services, leaving them to turn to payday lenders and check cashing places. The credit union provides credit building products, second-chance checking accounts and a payday loan alternative. These offerings were attractive to St. Louis Community's partners.

It was the spirit of partnership that led to micro-branches being located within social service agencies. The credit union wanted to bring low-cost, mainstream banking services to "financial deserts," where most social service agencies are housed. Additionally, trust played a role. St. Louis Community has stellar social service advocates. Having a branch on site builds credibility. It was a natural fit.

The micro-branches range from 300 to 800 square feet, and operate like any other credit union office. Each is equipped with two teller stations and a member services representative. Individuals can conveniently open accounts, make deposits, cash checks, apply for loans and more. Financial counseling is also available.

To date, St. Louis Community operates three micro-branch sites:

Metropolitan Education and Training (MET) Center

Opened summer 2011

The MET Center provides economic self-sufficiency to individuals living in low-income communities through job training and placement services. The credit union provides financial services for the facility's VITA site and provides free financial education to its clients, including one of its partner groups, Better Family Life. They work together at VITA sites offering free tax preparation to deserving individuals.

Meeting The Need Through Partnerships: St. Louis Community Credit Union

continued...



It became evident that on-site financial services would benefit the client base. When the micro-branch idea came up, the response from the MET Center leadership was overwhelmingly positive.



"The partnership between St. Louis Community Credit Union and the MET Center has been extremely valuable to our customers and St. Louis residents living and working in or near the Wellston area," said Carolyn Seward, Managing Director, MET Center. "To have a financial institution co-located in a workforce development center that facilitates workshops on financial literacy/education and asset development, provides financial products and services, and establishes various monetary accounts is a significant collaboration."

The MET Center is St. Louis Community's first micro-branch.

Grace Hill - Opened fall 2011

Grace Hill is a non-profit organization that helps individuals, families, and communities to become stronger, healthier and more self-reliant. St. Louis Community delivers financial education presentations, hosts new member sign ups and participates in community events at Grace Hill. It was through these interactions that Grace Hill's leadership noticed how well credit union staff connected with its clients. This paved the way for St. Louis Community to open a micro-branch in Grace Hill's Water Tower location.

"St. Louis Community Credit Union is transforming lives and communities by providing access to loans, education, and high quality service," said Rod Jones, President and CEO, Grace Hill Settlement House. "It is uplifting to see a generation of previously un-banked St. Louisans strengthening their families and building economic independence thanks to St. Louis Community."


The credit union's presence in Grace Hill helps the organization empower its surrounding neighborhoods.

Kingdom House - Opened winter 2012

Kingdom House helps youth and adults achieve self-sufficiency and gain economic independence through a variety of services. In 2011, St. Louis Community began a conversation with Carrollton Bank on how they could collaborate to serve economically distressed communities. Carrollton Bank's Community Development Officer suggested that the credit union consider Kingdom House for its financial education outreach. After an initial visit with Kingdom House's Executive Director and a tour, the light bulb went on. There wasn't a financial institution located within miles of the agency. The process was set in motion for another micro-branch.



"We have been working on developing pathways out of poverty for our clients," said Scott Walker, Executive Director, Kingdom House. "We are in a financial institution desert; there is nothing close by, in walking distance or even a bus ride until you go to the downtown area -- so this is a huge piece."

The Kingdom House location is funded, in part, by Carrollton Bank. 



For more information on St. Louis Community Credit Union and the micro-branches, please contact:

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The Financial Capability Partnership Initiative Connects Social Service Agencies with Credit Unions

BY ANN SOLOMON

The statistics are daunting:

- 28% of all US households don't have a relationship with a traditional financial institution
- Payday lenders, check cashers and other fringe financial service providers make \$78 billion in fees and interest income from the unbanked and underbanked

Community development credit unions are driven by both their mission – to build financial independence among low-income people – and their membership growth goals, to serve this market. But reaching individuals and families outside of the banking system is a complex challenge.

Social service organizations provide affordable housing, workforce development, and emergency assistance work to support low-income, typically underbanked households as crises arise. But few tools have been designed to help these individuals and families to move beyond the crisis point and build greater financial capability and self-sufficiency.


Enter the Financial Capability Partnership Initiative (FCPI), a joint effort by the Federation and the Center for Financial Services Innovation (CFSI) made possible through generous support from the Kresge Foundation. The Initiative fosters effective, sustainable credit union and nonprofit service organization partnerships that integrate safe and affordable credit union products into social and human services. The Initiative aims to demonstrate that these partnerships not only create greater financial outcomes for low-income people, but also help the participating CDCUs and nonprofits meet and exceed their organizational goals.

In Phase I of FCPI, the Federation and CFSI delivered technical assistance to ten partnerships in seven target cities: Chicago, Cleveland, Durham, New Orleans, San Antonio, the San Francisco Bay Area and St. Louis. Three partnerships were selected from this group to receive grant funding totaling \$530,000 over three years in Phase II of the Initiative. The FCPI grantees are:

Self-Help Federal Credit Union and Mission SF (with Year Up Bay Area) – Integrating financial coaching and credit union products with this award-winning workforce development program for low-income youth ages 18-24 in San Francisco, CA.

South Side Community Federal Credit Union and The Community Builders – Engaging and supporting residents of a mixed-income, HOPE VI, Work First Community with direct financial coaching and access to responsible financial products in Chicago, IL.

St. Louis Community Credit Union and Kingdom House – Integrating financial education, counseling, and credit union products with comprehensive social service provision, focusing on debt reduction and asset building in St. Louis, MO.

The goal of the Initiative is to develop replicable partnership models that connect the millions of clients of diverse social and human service agencies with safe and affordable credit union services nationally. 



The Community Builders, Inc.



ANN SOLOMON is *Special Assistant to the CEO of the Federation.*

To learn more about the Initiative's Learning Network and upcoming events contact Ann at asolomon@cdcu.coop, or visit <http://www.cdcu.coop/wp-content/uploads/2013/10/FCPI-Overview-Fall-2013.pdf>.

Sources:

2011 FDIC National Survey of Unbanked and Underbanked Households, September 2012
2011 Underbanked Market Sizing Study, CFSI and Core Innovation Capital, November 2012



WHO WE ARE

We're the National Federation of Community Development Credit Unions. Our mission is to help low income people and communities achieve financial independence through credit unions. Since 1974, we've helped hundreds of credit unions extend their services and increase their impact in some of our nation's poorest communities.

We're growing

Today, our members serve more than 2.2 million residents of low income communities with nearly \$15 billion in combined assets. We're proud to support our members at the forefront of growth and innovation. Together we can shape an even better future for cooperative finance in America.

Join us

Federation membership is an essential investment in the future of your credit union and your community.

WHAT WE DO

CAPITAL

More than \$50 million in capital to invest in credit unions as non-member deposits, near-equity secondary capital loans, risk-sharing, anti-predatory PRIDE™ deposits, CDCU Secondary Market for your mortgage loans.

GROWTH

Our CU Breakthrough™ technical services can help with CDCU Organizing, obtaining CDFI Certification, applying for Low Income Designation or Charter Expansion, developing Strategic or Secondary Capital plans, and more.

LEADERSHIP

Invented secondary capital for low income credit unions, co-founded CDFI Coalition, helped create CDFI Fund, CDCI & CDFI Bond programs, NY State CDFI Fund, shaped NCUA Final Rule on Low Income Designation.

INNOVATION

Leading edge programs include the Better Directions program for older adults, Borrow and Save payday loan alternatives program, BEST Accounts and BEST Internships for people with disabilities, Partnerships, Exchanges.

KNOWLEDGE

Educational opportunities include the CDCU Institute™, Knowledge Networks for Faith-Based Credit Unions, Disability and Latino credit union initiatives, Research and Publications including CDCU Financial Trends Reports, and more.

IMPACT

CDCUs protect and build assets in communities, reduce predatory lending, promote homeownership, increase financial security for individuals, and contribute to improved public safety and increased property values.

National Federation of Community Development Credit Unions