

Banking the Hispanic Community: it's not about Spanish

by Drew W. Edwards, Chairman of the Board and Chief Executive Officer, Banuestra Financial Corporation

When my good friend and board member Teodoro Maus was Consul General for Mexico in Atlanta, many companies came to him for advice on reaching the Hispanic consumer. One of these companies was a major national supermarket store chain that seemed very frustrated with their fruitless efforts to reach this consumer. Their sentiment was, "we've spent untold amounts of money on research, bi-lingual signage, Mexican aisles, bi-lingual staff and new Spanish merchandise... and yet these Hispanic stores pop up all around us and get the lion's share of the business."

Teodoro proceeded to take the supermarket executives to a Tienda (Latino/Hispanic store) and teach them some lessons that apply to banking as well. In essence, they learned that language isn't the only difference between this consumer and mainstream America. When they first entered the Tienda, the executives noticed all sorts of American merchandise on the shelves like Fab® detergent, Dove® soap, and Coca-Cola®. "Wait a minute," they said, "this isn't Mexican product!" With a smile Teodoro replied, "Exactly. And what makes you think that a Mexican only buys Spanish merchandise? They buy what they bought back home and we have all kinds of brands from all kinds of countries back home."

Next, Teodoro led these executives over to the meat counter where, as you may or may not be aware, you can re-construct the entire pig right there in the counter. For a typical American this sight is "less than desirable" because we are not used to the tongue and brains, among other things, laid out in their natural state. The executives were adamant when they said "we can't put that kind of display in our stores!" Therein lies the second lesson from Teodoro and he explained to them

that "you may not want this consumer in your store because this is what they buy and this may not appeal to your mainstream consumer. And you see that butcher behind the counter? He knows how to cook that tongue five different ways. It's his food too."



We learned early on at Banuestra Financial CorporationSM (formerly El Banco Financial CorporationSM) that an immigrant who came to this country after birth is very different than an American who speaks Spanish. Furthermore, within the Hispanic community there are at least 12 different cultures and versions of language so Mexican means Mexican, not Guatemalan and not Honduran. A bank and a grocery store need to understand the demographic make up of its Hispanic population. We do that in our locations and for our clients through extensive street research because this data are not found in the census statistics or at the Hispanic Chamber of Commerce.

In our Banuestra branch locations (formerly El Banco de Nuestra Comunidad®), we took these lessons to heart six years ago and went on to figure out the "tongue and brains equivalent" for banking this consumer. We learned that these people truly go to a Tienda for the meat, and then they expect to have all of the other items available that they're used to from back home. But the meat is the draw and

the one thing they can't get on the "Mexican aisle" at a mainstream supermarket. So they go to the Tienda. Yes, it doesn't hurt that the Tienda is staffed by people just like them, who talk just like them, look just like them and eat just like them. But I believe they would go to the supermarket and buy that meat from a gringo if that was their only choice and the supermarket had the product they wanted.

In the financial services world, we learned that the meat is comprised of various transactional products and needs such as cashing payroll and other checks, buying money orders and phone cards, sending money home to their families, paying bills, and loading pre-paid accounts. These items draw Latinos to predators such as check cashers or liquor stores and are top of mind when they think about financial services. If a bank wants to sell this community its "products and services" then it first needs to figure out how to offer this consumer what this consumer cares about the most. It usually starts with cashing a check and then works its way through the list. Notice that how to save, or deposit their money, is not even on the list yet.

Next, a bank needs to consider if it can create an environment within its current physical branch infrastructure that is both comfortable to this consumer and not intimidating or in conflict with its mainstream clientele. Just like the supermarket's reaction to the "tongue and brains" the bank may want to consider whether or not its current clientele will be pushed away by a lobby full of consumers that are culturally different than themselves. We happen to believe at Banuestra that, unless it's an in-store branch, a bank should consider opening separate stand-alone locations that specifically cater to this consumer and offer a unique product set designed for this consumer. These locations

shouldn't have a cost structure that looks like a bank and shouldn't be located on a big street corner like a bank. Banks should go where this consumer is comfortable today and offer him what he needs today. In other words, stop thinking like a bank.

When we were partnered with a large bank to operate as El Banco in our early years, we had El Banco branches directly across the street from the bank's mainstream branches and we worked in tandem without competing. Some of our client banks have done the same with our assistance. On the other hand, if your bank has in-store branches in places like Wal-Mart® for example, that already cater to a diverse customer base, we are seeing client banks deploy these transactional products and services as add-ons to their traditional in-store product set.

It's impossible to describe in a short article how to successfully build a Hispanic banking strategy but hopefully your organization has someone challenged with this overwhelming opportunity. Hardly a bank in this nation has overlooked the fact that our new largest minority is here to stay and is an economic power to be reckoned with. We have found our rapidly growing customer base of 24,000 Hispanic workers in Atlanta to be generally honest and loyal customers. But we had to learn to serve our Latino customers their way, on their terms, in an environment they trusted. ■

About the Author



Drew W. Edwards has served as chairman of the board and chief executive officer of Banuestra Financial CorporationSM (formerly El Banco Financial CorporationSM) since founding the company in 2001. From 1995 to 1999, Edwards founded and served as chief executive officer and chairman of the board of directors of Towne Services, Inc., a publicly traded provider of products and services for processing sales and payment information and related financing transactions for small businesses and community banks in the U.S. Before that, he held various marketing and management positions with The Bankers Bank, most recently as senior vice president and director of sales and marketing. His career has included various management roles with the Federal Reserve Bank of Atlanta and service on several corporate boards of directors. Edwards holds a bachelor's in business administration from LaGrange College. ■



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