

Community Banker's Guide to Hispanic Marketing

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About the Author

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Executive Summary

The purpose of this paper is to provide community bankers with a roadmap to developing and implementing an effective Hispanic marketing program. With 60 percent growth in population between 1990 and 2000, Hispanics have become America's fastest growing minority group and represent the majority of residents in many U.S. communities in California, Texas and Florida.

After the 2000 Census, Hispanics became the largest minority group representing 12.5 percent of the U.S. population. This growth is expected to continue, with Hispanics expected to represent 25 percent of the U.S. population by 2050. In addition, the Hispanic market is becoming increasingly affluent, with the rate of \$100,000-income earners with assets in excess of \$500,000, exceeding by eight times the non-Hispanic segment of the U.S. While Hispanics are a large and growing population, they have historically eluded traditional financial institutions for various reasons including fear, ignorance and accessibility.

This paper provides community bankers with the background needed to determine who the Hispanic market represents and whether it is a market they should pursue. It provides important details regarding the segments that comprise the Hispanic market and the differences and similarities among the segments.

This paper discusses in detail the challenges that banks face with regard to marketing to Hispanics as well as detailed solutions to address those challenges. The paper concludes with product and service recommendations aimed at increasing Hispanic market share.

The following topics are addressed in the paper:

1. Who does the Hispanic market represent?
2. Why is the Hispanic market important?
3. What are the challenges associated with Hispanic marketing?
4. What are the solutions to the challenges?
5. What products and services are most appropriate for reaching the Hispanic market?

Sources of information for this study included numerous current newspaper and magazine articles as well as marketing firm reports, census data and Hispanic marketing seminar information.

The sources of information provided the following findings related to the topic of this paper:

1. Developing and implementing an effective Hispanic marketing program requires significant effort and resources.
2. The Hispanic market is comprised of distinct sub-groups, each with its own degree of acculturation and language preference and each requiring a different marketing approach.
3. Marketing to the Hispanic market requires a greater degree of handholding than marketing to non-Hispanics and requires banks to enter the Hispanic community to gain trust and respect before Hispanics will step into a branch.
4. Once trust and respect is established with the Hispanic market, this group is extremely loyal and is likely to remain a long-term customer of the bank.

Analysis led to the following conclusions:

1. Banks should carefully assess whether or not they wish to enter the Hispanic market because a successful venture requires significant financial and human resources.
2. Banks that choose to fully commit to the Hispanic market will be positioned to take advantage of a growing segment of the population, in terms of size, affluence and profitability.

This paper was written to be of particular interest to bank presidents, boards of directors, marketing managers, branch personnel and others with an interest in expanding the reach of a bank from a customer and profitability perspective.

Chapter I – Introduction

On November 29, 2002, the United States Census Bureau confirmed what many savvy business people and entrepreneurs have known for a long time – “It’s the Hispanic market, stupid.”

The release of the Census Bureau’s *2000 Census of Population and Housing* reportⁱ, informed American business that the road to profitability in the 21st century runs through the “vecindarios” of Hispanic America. At 35.3 million strong, the American Hispanic population has firmly taken control as the Country’s largest and fastest growing minority group. Census data indicates that the Hispanic market has grown 60 percent since 1990. Further, some estimate this market growing to 25 percent of the U.S. population by 2050ⁱⁱ.

While this may be old news to some, this market remains largely untapped. The apathy is shocking given the estimated \$970 billion in annual purchasing power expected by 2007. Further, data suggests that this market may acquire purchasing power in excess of \$1 trillion by 2020 and between \$2.5 and \$3.6 trillion by 2050ⁱⁱⁱ.

Poor penetration of the Hispanic market is not isolated to a single industry or geographical region. Data shows the Hispanic market at 12.55 percent of the U.S. population with only 2.4 percent of advertising budgets dedicated to Hispanics^{iv}. In 2004, the Association of Hispanic Advertising Agencies announced that their review of advertiser budgets for 671 companies for the period 2000 to 2003 found that while Hispanic advertising (television and print media) in general improved, financial services firms were those that spent the least on Hispanic marketing^v. The lack of commitment to this segment is indicative of three problems that affect U.S. industries – 1) no understanding of who the Hispanic market represents, 2) no understanding of why the Hispanic market is important and 3) no understanding of how to effectively reach this market.

As such, this paper was developed to provide solutions to the three problems noted above. Specifically, this paper was developed to assist community bankers in successfully penetrating this market. This paper highlights the successful practices of financial institutions and marketers over the past decade. This paper takes into consideration emerging trends and best practices that will allow community bankers to focus their resources and position themselves for the continued growth that this market will bring over the coming decades.

While the emphasis of this research targets product and service strategies, it also dedicates some attention to larger strategic issues including de novo expansion strategies.

The objective of this paper is to provide community bankers with a tool that can be easily incorporated into everyday business practices to yield greater profits through increased market share and the long-term loyalty of the Hispanic market.

Chapter II – Who is Hispanic America

Later sections of this paper address successful practices employed to reach the Hispanic market. However, before those practices can be implemented it is critical to have a sound understanding of *who* the Hispanic market represents.

Hispanics in the media are typically portrayed as a single, homogenous Spanish-speaking group. On the surface the fact that 58% of the Hispanic market is comprised of Hispanics of Mexican origin tends to support this notion. However, this segment and the Hispanic market as a whole is very diverse. Consider that the Hispanic market represents 19 additional countries and the mix becomes quite complicated^{vi}. As such, treating the Hispanic market as a single group is the most effective way of ensuring failure.

As noted above, the Hispanic market is comprised of a very diverse constituency. Hispanics can vary in terms of their national backgrounds, racial backgrounds and regional and language preferences^{vii}. In terms of racial backgrounds, Hispanics have ancestral links to native populations as well as European, African and Asian roots. Further, an American Hispanic can be derived from any one of the following 20 countries:

1. Argentina	6. Cuba	11. Honduras	16. Peru
2. Bolivia	7. Dominican Republic	12. Mexico	17. Puerto Rico
3. Chile	8. Ecuador	13. Nicaragua	18. Spain
4. Colombia	9. El Salvador	14. Panama	19. Uruguay
5. Costa Rica	10. Guatemala	15. Paraguay	20. Venezuela

Hispanics of a particular national background tend to have certain regional preferences. For example, the majority of Hispanics in California and Texas are of Mexican origin while those in New York and Florida tend to have Caribbean roots.

Even though Strategic Research Corporation found that 89 percent of Hispanics consider Spanish as their primary language, the level of acculturation – the extent to which a Hispanic has adopted American traits - generally determines the language (English or Spanish) that Hispanics prefer to speak with businesses. Regardless of preference, Hispanics tend to be proud of their bi-lingual abilities^{viii}

Later this paper will address the reasons why community banks must not be frightened away from reaching out to this population. This paper will demonstrate why the Hispanic market is not only worthwhile, but may also be the key to a community bank's success over the next several decades.

This paper will also detail why this segment of the U.S. population cannot be treated as a single entity. The diverse nature of this segment requires careful consideration and analysis for successful penetration. The extent of the analysis required to reach this segment may force many to consider the value of Hispanics in general.

Chapter III – Why Target Hispanic America

To community bankers it seems that today more than ever, the competitive landscape has been turned up to “high.” With large regional banks abandoning commercial banking and focusing on retail banking and as the reach of credit unions expands as well as competition brought on from non-banks such as Merrill Lynch and Internet-based banks such as ING Direct, community bankers are finding their piece of the banking pie getting smaller and smaller. As such, they are more motivated than ever to find a fresh source of growth.

Therefore, it is no surprise that David Perez, President of Lumina Americas states that “any company that is interested in diversifying its revenue base should explore marketing to Hispanics.” Companies that have jumped into the Hispanic market with both feet include Kraft, AT&T, Ford, Sears, Proctor & Gamble, Allstate Insurance, Anheuser-Busch, Continental Airlines, Century 21 and Pepsi, to name a few^{ix}.

With purchasing power expected to rise from \$450 billion to \$970 billion between 2001 and 2007, this market cannot be ignored. And although this segment presents many marketing challenges based on its heterogeneous composition, Hispanics are becoming increasingly influential and lucrative and should be considered well worth the effort^x. Research has found that the number of Hispanics who earn \$100,000 a year or more and have at least \$500,000 in assets, is growing eight times faster than the general affluent market^{xi}.

Another major draw is the age of the Hispanic market. The median age of the Hispanic market is 27 versus 35 for the rest of the U.S. population^{xii}. This means that community banks that are overburdened with the expensive CDs of baby boomers and seniors can diversify the deposit base and increase the volume of low-cost demand deposits as well as the fee income that comes with younger customers.

Another particularly attractive feature of Hispanics is their brand loyalty. American Hispanics show a great deal of loyalty towards brands and companies that cater to their needs. When Hispanics find a product or service that they have confidence in, they tend to stick with it. As such, it is in a community banker’s best interest to develop a strong relationship with the burgeoning Hispanic market^{xiii}.

Research has found that 61 percent of Hispanics find it difficult to change brands once they find one they like. Further, 59 percent claim to have no time to investigate the quality of different brands and as such, stay with the brand they have chosen^{xiv}. Given this reputation for brand loyalty, the Hispanic market should prove to be bank management’s dream^{xv}.

Within the banking industry, Bank of America has acted as a trailblazer in committing resources to reaching the Hispanic community. Chief Executive Officer Kenneth D. Lewis sees gold in marketing to Hispanics because this group is generally younger^{xvi} and in their prime earning years when compared to the rest of the population. An additional attraction is that Hispanics tend to be heavy users of banking services once

accounts are opened. Sixty percent of immigrants that came to the U.S. in the last ten years do not have bank accounts. However, once Hispanics start banking, they become big borrowers and heavy users of services, generating incremental interest and fee income^{xvii}.

According to CEO Lewis, Bank of America expects to gain at least 80 percent of its future growth in retail banking from the Hispanic market. This is due to the fact that the Hispanic market is extremely underserved with only 58 percent of Hispanics holding checking accounts compared to 93 percent of Whites. CEO Lewis believes that as Hispanic income rises, the demand for mortgages, home equity lines and credit cards is going to explode^{xviii}.

Given these facts, community bankers should also keep the following in mind: community banks are best suited to targeting and reaping the rewards associated with a Hispanic marketing program. Community banks are part of the fabric that makes up the community. Community bankers serve on school boards, chambers of commerce, nonprofit boards, etc. They are in the best position to understand the nature and needs of the local Hispanic community.

Therefore, while creating a Hispanic marketing program may require significant resources, it is likely that these efforts will generate a significant number of new customers who will remain with a bank long enough for a banker to earn a favorable return on the investment. When purchasing power, increasing wealth, age, loyalty, use of products and services and an untapped market are combined, few reasons remain why a community bank should not embark on a full-scale Hispanic marketing program.

Chapter IV – Challenges to Tapping the Hispanic Market

Up to this point this paper has provided the reasons why community banks should commit to a program to attract Hispanic customers. A convincing case has been made relative to the incremental growth that these customers can bring to an institution.

Unfortunately, as previously stated, the Hispanic market is far from homogenous – making it impossible to successfully penetrate the market through the use of a single approach. A second significant hurdle is communication – specifically, the fact that a significant percentage of this market either speaks or prefers to be spoken to in Spanish. Additional challenges exist that require community banks to carefully plot out a strategy before undertaking a Hispanic marketing campaign. This chapter will address the various challenges involved in marketing to the Hispanic market. The next chapter will address solutions to these challenges. The challenges include:

- Degree of Acculturation;
- Identification;
- Language Barrier;
- Mistrust of Financial Institutions; and,
- Lack of Understanding.

DEGREE OF ACCULTURATION

As previously stated, acculturation refers to the extent to which a Hispanic has adopted American traits. The more acculturated an individual is, the greater the similarity to the typical non-Hispanic American consumer and the more effective traditional marketing efforts become. Unfortunately for bankers and American business in general, acculturation is a gradual process due to Hispanics' strong ties to their cultural roots. According to Strategic Research Corporation, only 11 percent of Hispanics are highly acculturated, 64 percent are somewhat acculturated and 25 percent are not acculturated at all. This slower rate of acculturation forces American business to significantly alter its approach if it is to reach the Hispanic market. The following are factors that affect the rate of acculturation^{xix}:

1. Geographic Proximity: Most Hispanics remain relatively close to their countries of origin. For example, Hispanics of Mexican descent generally live in the southwestern U.S. while Hispanics of Cuban descent generally live in the southeastern U.S. This geographic proximity allows Hispanics to frequently return to their roots, reconnecting with their native culture and preventing complete acculturation.

2. Modern Communications: As technology continues to improve, telecommunications and travel costs have continued to decline. This reduction in cost has made it more convenient for Hispanics to maintain contact with families and friends in their native countries and has allowed Hispanics to maintain their cultural identity.
3. Peer Support: At 35 million Hispanics nationwide, Hispanics find it relatively easy to live within communities that share the same cultural roots, making it possible for Hispanics to resist pressure to modify their language, culture and customs.
4. Freedom of Choice/Movement: Some Hispanics, particularly first-generation Hispanics, sometimes keep their native language and culture because they intend on returning to their native country once the political or economic factors that forced them out, stabilize.

IDENTIFICATION

Lack of traditional identification is another challenge when it comes to the Hispanic market. Many Hispanics do not have Social Security cards, making it difficult to open bank accounts or establish credit^{xx}. According to Fortune Magazine, the five million undocumented Hispanic immigrants in the U.S. are unable to establish bank accounts largely because they lack sufficient identification^{xxi}.

LANGUAGE BARRIER

Many Hispanics do not speak English or prefer to speak Spanish as their primary language when discussing important matters such as personal finance^{xxii}. According to a study conducted in 2000 by Strategic Research Corporation, 60 percent of Hispanics are most comfortable speaking Spanish while only 21 percent prefer English and 19 percent are comfortable with either^{xxiii}.

MISTRUST OF FINANCIAL INSTITUTIONS

A significant number of Hispanics, particularly recent immigrants, fear financial institutions due to their experience with corrupt institutions in their home country^{xxiv}. This is not surprising given the economic and political situations that have existed in many Latin American countries including rampant inflation, constant currency devaluations and periodic economic chaos^{xxv}. Further, many Hispanics do not feel that U.S. banks want their business or value them as customers. This mentality is based on the perceived lack of Hispanic outreach as well as the high rejection rate on loan applications, which is two times higher than non-Hispanic white applications^{xxvi}.

In addition, some Hispanics fear that banks will report them to the immigration authorities. As such, many Hispanics tend to utilize high-cost check-cashing services due to their less stringent rules regarding identification^{xxvii}.

LACK OF UNDERSTANDING

The Hispanic population is a segment that does not understand credit as well as its Anglo counterpart^{xxviii}.

This chapter highlighted the challenges that must be addressed by a Hispanic marketing program. At first glance these challenges may seem too complex or may be perceived as too much work. However, the payback from a carefully devised Hispanic marketing plan should act as a strong motivator – particularly since estimates show this population gaining steam over the next several decades. The next chapter begins to address solutions to the challenges presented here.

Chapter V – Meeting the Challenges

As has been stated throughout this paper, the Hispanic market cannot be penetrated with a one-size-fits-all approach. Hispanics' attitudes and habits differ on so many levels that a shotgun approach to reaching this market will not yield worthwhile results.

To effectively reach the Hispanic market a bank must take the time to acquire a thorough understanding of the complexities of its local Hispanic population and then decide which segments it will target.

This effort requires a bank to acknowledge the Hispanic market's diverse national, racial and regional backgrounds. Also required is a commitment to the use of Spanish in efforts that target certain Hispanic segments. Finally, a bank intending to effectively target the Hispanic market must take the time to understand the specific behaviors that result at the different stages of acculturation^{xxix}.

SEGMENTATION OF THE HISPANIC POPULATION

To assist in the development stage of a Hispanic marketing program, bankers should understand the various segments within the Hispanic community. According to Victor Ornelas, President and CEO of Ornelas & Associates, a Dallas-based marketing communications agency, there are four different segments within the Hispanic market^{xxx}:

1. Nationalists;
2. Eager Adopters;
3. Fusionists; and,
4. Assimilators.

Nationalists represent approximately 20 percent of the Hispanic market. These individuals are generally 35 years old and older. Spanish is the dominant language and tradition is very important. These individuals have a "live for today" mentality with respect to spending patterns.

Eager Adopters make up 34 percent of the Hispanic market. This sub-segment is generally 35 and younger. This niche came to the U.S. to get the best of both worlds – values from the home country and opportunity in the new country. Eager Adopters prefer to speak Spanish but become bi-lingual quickly upon arrival in the U.S.

At 25 percent of the Hispanic market, *Fusionists* cannot be ignored. This group is comprised of first-generation Hispanics. This class is largely bi-lingual and generally between 18 and 49 years old.

Assimilators, at 21 percent of the Hispanic market, represent the final stage of the Hispanic transformation. Assimilators have families that have lived in the States for two

or three generations. While this segment uses English as the dominant language, Assimilators are proud of their Hispanic heritage. Assimilators understand how credit works and why investments and insurance are important^{xxxii}. Individuals within this class are frequently influential within their communities.

DEVELOPMENT OF A STRATEGY

The development of a Hispanic marketing strategy must contain five components^{xxxiii}:

1. Selection of a segment;
2. Use of appropriate language and dialect;
3. Focus on the segment's cultural traits;
4. Complete commitment to carrying out the mission through an effective experience; and,
5. Selection of financial products and services that meet the needs of the targeted segment.

SELECTION OF A SEGMENT

Selection of a segment requires knowledge of the composition of the local Hispanic community. The effort needed to determine the composition of the local Hispanic market may vary, depending on the nature of a bank's relationship with the local community and government. In some circumstances banks may know what the composition of the community is with respect to the four segments. In other cases, banks may need to conduct some research to uncover this information.

Due to the significant investment that is required to implement an effective Hispanic marketing program and due to most bank board's need to review quantitative information relative to return on investment, it is recommended that bankers undertake some degree of market research. The results of this market research can be utilized to convince executive management and the board, of the opportunity presented by the local Hispanic market.

Another reason for an analysis is based on the views of some executives and board members who continue to believe that significant Hispanic populations exist only in Texas and California. As confirmed by the 2000 Census, Hispanics have spread throughout the entire nation. Table 2, located below, notes communities around the United States where Hispanics represent the largest foreign-born immigrant group^{xxxiii}.

Determining the composition of a Hispanic community can be accomplished in a couple ways – it can be outsourced or in-house personnel who possess access to appropriate tools can conduct it. The objective of this analysis is simply to identify the types, approximate size and general locations of the segments so that informed decisions can be made. The objective is not to precisely pinpoint this population^{xxxiv}.

The following are tips that a bank should consider when conducting the analysis:

1. Ask local government to provide most recent data regarding the local communities. Many municipalities carefully track immigrant and minority populations to assist in the provision of public services. This information is generally public and full of useful data.
2. Meet with leaders of local non-profit organizations and churches. Not all non-profits are organized well enough to provide current statistical data. However, most are able to provide general information regarding the types of Hispanics that occupy a community as well as the financial needs of these Hispanics. Banks should use these non-profits to assist them in identifying the local Hispanic community leaders. Knowing who these individuals are will assist during the implementation stage of a program.
3. Use publicly available statistical data^{xxxv} from sources such as the U.S. Census^{xxxvi}, Federal Financial Institutions Examination Council (“FFIEC”) Geocoding System^{xxxvii}, Community Development Financial Institutions (“CDFI”) Fund Help Desk program^{xxxviii} as well as reports from organizations such as the Brookings Institution Center on Urban and Metropolitan Policy^{xxxix} and Pew Hispanic Center^{xl}.
4. Contact the Community Affairs Department of the local Federal Reserve office as well as the district office of the bank’s supervisory agency to determine if the agency has conducted an analysis of the community. Regulatory agencies are good sources of data and analysis because they collect such information during the completion of Community Reinvestment Act examinations.

USE OF APPROPRIATE LANGUAGE

A common misperception regarding Hispanics is that the Spanish language translates equally across all Hispanic countries and cultures. This is not the case. Due to cultural and geographic differences among countries (and even among regions of certain nations), meanings can differ – despite the use of the same language. An effective Hispanic marketing program uses the language of choice of the Hispanic market being targeted.

According to Theodore Serrano, Vice President of Geo Advertising & Marketing in Tucson, Arizona, the targeting of a Hispanic segment requires companies to sell the product as integral to the particular culture. It is not effective to merely translate copy or dub over with Spanish language. Such practices will not yield the expected results^{xli}. Adelante Hispanic Marketing in Raleigh, N.C., advocates the use of “transcreation” – a use of the Spanish language that considers the nuances of the Hispanic culture rather than directly converting English-language advertising into Spanish^{xlii}.

In instances where a particular segment is largely heterogeneous from a country of origin standpoint or where a bank is seeking to appeal to a broad Hispanic audience or

where country of origin is largely unknown, the approach should be to use a neutral or “universal” form of the Spanish language in order to avoid alienating any segments^{xliii}.

Generally speaking, however, effective Hispanic marketing programs base the language used on the characteristics of the segment being marketed. When possible, a Hispanic marketing program should use the knowledge of the segment’s cultural ties and motivators to offer relevant products and services^{xliv}.

FOCUS ON CULTURAL TRAITS

A well designed Hispanic marketing program will take into consideration the cultural traits of the segment it is intended to capture. Consideration of cultural traits includes^{xlv}:

1. Leveraging of the strong connection to countries of origin;
2. Catering to the importance of family;
3. Committing to the preservation of culture and heritage; and,
4. Acknowledging the role of religion in daily life.

Hispanics are generally reached at the emotional level^{xlvi}. This requires banks to recognize the passion that this group feels about family, language, religion, musical expression, celebrations and holidays^{xlvii}. An approach to determining the cultural traits of the segment is to survey local residents, church leaders and non-profits. This information can be enhanced with other publicly available research. Surveying the local community and developing a marketing program that takes cultural traits into consideration demonstrates to the local Hispanic community that the bank is serious about its commitment. It acts as the first step to earning loyalty^{xlviii}. Marketing experts believe that such targeted marketing is five times more effective than marketing targeted to the general U.S. population^{xlix}. According to Chrysanthe Georges, president and founder of Adelante Hispanic Marketing, “knowing the nuances of Hispanic marketing will be a powerful tool for many U.S. companies trying to increase their market share in an incredibly competitive environment.”^{lv}

COMPLETE COMMITMENT

A committed Hispanic marketing campaign includes the following^{li}:

1. Localizing the content;
2. Demystifying the services provided;
3. Developing products for the Hispanic market;
4. Visiting with the Hispanic community; and,
5. Supporting customers with Spanish language service.

Localizing the Content

Translating the content into Spanish is not enough. As previously stated, the Hispanic community is diverse and comprised of different segments based on the level of acculturation. Further cultural distinctions exist within segments relative to country of origin. Any Hispanic marketing initiative must not only take language into consideration but must also deliver the message based on the composition of the group being targeted. The message needs to speak to the language, cultural values, life stages and traditions that represent the segment^{lii}.

For example, the message to Nationalists should differ from the message to the Assimilators and the message delivered to Eager Adopters in Los Angeles (Mexican descent) may need to differ from the message delivered to Eager Adopters in Miami (Cuban descent).

Demystify the Services

An effective Hispanic marketing program requires the bank to make Hispanics feel wanted and respected. The program must break down all misperceptions, attitudes and barriers that exist between banks and the Hispanic community^{liii}. While the American banking industry moves to less touch via Internet banking, ATMs, direct deposit, bank-by-mail, etc., the Hispanic community expects human contact – particularly in early stages of acculturation because that is the manner in which financial transactions are conducted in their native countries^{liv}.

One of the most significant challenges that a marketing program must overcome is Hispanics' general distrust of financial institutions. Therefore, an effective program must focus on creating trust between the bank and the consumer. A second significant hurdle is the Hispanic community's perception that they are not wanted as customers. Both of these challenges require an investment in terms of outreach.

Develop Hispanic-Specific Products

Once an effective method of communication has been determined and trust has been established, the bank must be able to provide products and services that meet the targeted segment's distinct needs. The level of acculturation will generally determine the types of products and services that should be marketed to the segment.

At the lower levels of acculturation the bank should focus on products and services that focus on moving the unbanked into the financial mainstream. Hispanics with a greater degree of acculturation should be targeted with more sophisticated products and services. In all instances, products and services should match the lifestyle of the segment being targeted.

Visiting with the Hispanic Community

As described in Chapter Three, the Hispanic market is significantly unbanked. An effective Hispanic marketing program requires banks to actively pursue this unbanked market by entering the Hispanic community. This means that bankers cannot utilize traditional marketing techniques and expect Hispanics to walk in their doors. Before Hispanics decide to walk in the door, bankers must seek them out through interaction with trusted leaders and organizations^{iv}. Bankers should seek out organizations that serve the needs of the local Hispanic community including local churches, community centers and nonprofit organizations. Trust must be earned before Hispanics respond to marketing efforts^{vi}.

Spanish Language Service

In order to deliver an effective Hispanic marketing program, banks must commit to providing service in Spanish. This commitment must extend to 1) personnel, 2) marketing materials, 3) applications and disclosures, and 4) outreach.

The strongest message a bank can send to the Hispanic market regarding its commitment is through the use of Spanish-speaking personnel and other Spanish-language resources. As previously stated, Hispanics are generally a high-touch market – particularly at the lower levels of acculturation. This means that banks must be able to provide Spanish-speaking assistance within all areas of the bank that Hispanics are likely to utilize. This includes Spanish-speaking branch and call center personnel as well as some senior bank officers. In addition to personnel, banks should ensure that ATMs and electronic banking services, including Web sites, are also equipped to deal with Spanish-speaking customers.

In 2000, the Roslow Research Group conducted a study entitled “Spanish vs. English Ad Effectiveness.” The purpose of the study was to determine the optimal manner of communicating with bi-lingual Hispanics. The Roslow study found that Spanish-language ads were four-and-a-half times more persuasive than English-language ads. The study also concluded that commercials in Spanish are 61 percent more effective at increasing ad awareness levels than those in English and that Spanish-language commercials are 57 percent more effective when it comes to communicating a message^{lvii}.

Marketing materials must not only be provided in Spanish but they must also be culturally correct. Banks must ensure that materials are not simply translated word-for-word but instead are translated with culture in mind. Banks that provide literal translations run the risk of alienating and in some cases, insulting the market they are attempting to reach. Due to the sensitivity of language, banks should utilize professional agencies that specialize in financial translations. Marketing materials may include a brochure that highlights a bank’s full range of services and the skills of bank employees relative to the needs of Hispanic clients. A bank may also include details regarding the bank’s outreach programs within the local Hispanic community^{lviii}.

Banks that are fully committed to reaching the Hispanic market also provide applications and disclosures in Spanish. While this is not a requirement, it sends the Hispanic market a strong message of commitment. Due to the legal and compliance risks associated with applications and disclosures, competent legal counsel should also review any Spanish language applications and disclosures. Bankers should also be aware of the applicability of state laws that may require Spanish-language disclosures and applications in instances in which financial transactions are negotiated in Spanish.

The finishing touch with respect to Spanish-language services is Spanish-language outreach. This includes any financial literacy courses that are provided by the bank as well as marketing-related events such as booths at church and community fairs.

SELECTION OF PRODUCTS AND SERVICES

The final aspect in the development of a sound Hispanic marketing strategy is the selection of the products and services. This component will be addressed in the next chapter.

While Chapter Four presented the challenges posed by the Hispanic market, Chapter Five provided a roadmap to steering through the obstacles. By no means should an effective Hispanic marketing program be considered an easy task. Quite the contrary. An effective program requires serious and total commitment to the cause. However, based on the potential profitability and growth of the Hispanic market there is little reason for banks to shy away from the implementation of a Hispanic marketing program.

Table 2: Communities Where Hispanics Represent Largest Foreign-Born Immigrant Group			
Community	Country of Origin	Community	Country of Origin
Milwaukee, WI	Mexico	Fort Worth – Arlington, TX	Mexico
New York, NY	Dominican Republic	Oakland, CA	Mexico
Chicago, IL	Mexico	San Jose, CA	Mexico
Nassau-Suffolk, NY	El Salvador	Phoenix – Mesa, AZ	Mexico
Jersey City, NJ	Cuba	Seattle – Bellevue, WA	Mexico
Los Angeles, CA	Mexico	Tamp – St. Petersburg – Clearwater, FL	Mexico
Miami, FL	Cuba	Denver, CO	Mexico
Houston, TX	Mexico	Sacramento, CA	Mexico
Orange County, CA	Mexico	Minneapolis – St. Paul, MN	Mexico
Riverside-San Bernardino, CA	Mexico	Portland – Vancouver, OR	Mexico
San Diego, CA	Mexico	Austin – San Marcos, TX	Mexico
Washington, D.C.	El Salvador	Salt Lake City – Ogden, UT	Mexico
Dallas, TX	Mexico	Raleigh – Durham – Chapel Hill, NC	Mexico
Atlanta, GA	Mexico	Charlotte – Gastonia – Rock Hill, NC	Mexico
Las Vegas, NV	Mexico	Greensboro – Winston Salem – High Point, NC	Mexico
Orlando, FL	Mexico		
Source: The Brookings Institution, Center on Urban and Metropolitan Policy, February 2004 ^{ix} .			

Chapter VI– Selecting Appropriate Products and Services

At this point it has been made very clear that the Hispanic market is far from a homogenous market. This market is comprised of various segments, each having different needs and financial objectives. As such, banks are encouraged to determine which niche they would prefer to target and create a marketing program customized to that segment's financial needs.

This chapter will provide a description of products and services in addition to traditional products and services, that a bank should be prepared to offer in order to more effectively capture the Hispanic market. Due to the similarity of Fusionists and Assimilators with typical American consumers, this chapter will focus on products and services that are best suited to the Nationalists and Eager Adopters, which represent 54 percent of the Hispanic market.

PRODUCTS

Low-Cost Funds Transfers

According to a Pew Hispanic Center study, Mexican Americans wired \$9.3 billion to Mexico in 2002. That number is estimated at \$13 billion for 2003 and is expected to reach \$18 billion in 2005^{lx}. It is also estimated that 91 percent of that wire activity and the fee income associated with it, occurs outside the banking system due to Hispanics' lack of bank accounts^{lxi}. As such, many banks' strategies for penetrating the Hispanic market begins with a form of low-cost remittance service. From there, banks hope to capitalize through the introduction of checking and savings accounts as well as loans and other financial services^{lxii}. The study found that Hispanic consumers view wire-transfer companies such as Western Union and MoneyGram, as a simpler means of sending funds – despite the higher fees. The study attributed part of the problem to the fact that approximately 75 percent of U.S. financial institutions require a customer to open an account to access money-transfer services^{lxiii}.

In an effort to win a piece of the remittance business, Bank of America implemented their SafeSend program which utilizes ATM cards to initiate funds transfers between the U.S. and Mexico. With SafeSend, an accountholder in the U.S. requests that a second ATM card be delivered to someone in Mexico. The card is delivered via DHL to ensure security in transit. Money is transferred by having the U.S. customer transfer funds into a “transfer” account that is accessible with the ATM card in Mexico. Only those funds specifically placed in the transfer account are accessible. Through the use of this program transfer fees are reduced to a fraction of the wire fee. Bank of America has used this innovative program to convert a portion of the unbanked community through the promise of safety, security and cost savings^{lxiv}. Likewise, U.S. Bank offers Secure Money Transfer, an ATM-based international money transfer service specifically designed to send money to Mexico^{lxv}.

In June 2004, Citigroup began issuing bi-national credit cards in a partnership with its Mexican affiliate Banamex^{lxvi}. Through this low-cost program, account holders in the U.S. are able to send a second credit card to a family member in Mexico. The U.S. cardholder is responsible for payments and is able to set card spending limits on the Mexican card. In 2004, Wachovia debuted Dinero Direct, a remittance card program created as part of the company's broader Hispanic marketing efforts^{lxvii} and Wells Fargo Bank has entered into an agreement with the Mexican subsidiary of HSBC for the purpose of creating a U.S.-to-Mexico remittance program^{lxviii}.

While banks may not be able or willing to conduct business with non-customers for reasons related to the Bank Secrecy and USA PATRIOT Acts, banks have become increasingly creative and have developed programs that may lure consumers from traditional wire transfer companies – even if it means they have to open an account.

Hispanic-Specific Small Business Program

The number of Hispanic-owned small businesses is growing faster than the number of companies owned by non-Hispanics. The growth is believed to be sparked by Hispanics who feel shut out of corporate America. Despite this growth, many of these Hispanic entrepreneurs rely on self-financing or borrowings from family members due to their distrust of banks or inability to obtain bank financing due to their lack of documentation or credit history^{lxix}.

Banks that provide small business loans should consider developing loan programs that fit the Hispanic profile while still preserving safety and soundness standards. According to Jorge Reynardus, President of Reynardus & Maya Advertising, “the biggest hurdle is the inability of...banks’ credit departments to really understand the low credit risk this group represents^{lxx}.”

In order to maximize results, banks should incorporate seminars into its small business loan program. Seminars should focus on all aspects of small business financial management, including issues such as payroll, insurance, retirement plans, investments and budgeting.

Individual Development Accounts

Research related to the income levels of Hispanics has found that Hispanics overall have lower incomes and lower levels of education than non-Hispanic whites and Asians^{lxxi}. Lower income and education levels act as key drivers to the Hispanic community's largely “unbanked” status. As such, banks seeking to convert the unbanked Hispanic community must develop products that address these issues. The Individual development account (“IDA”) is one such tool.

Individual development accounts (“IDA”) were created in the early 1990s as a means of addressing the wealth-building component of anti-poverty strategies in the U.S. IDAs are savings accounts that provide dollar-for-dollar matching grants. The intent of these programs is to allow lower-income individuals to accumulate funds for the purpose of purchasing a home, paying for education or job training, or launching a small business.

IDA programs typically match participant's savings at a rate of 1-to-1 up to 4-to-1, depending on the specific program. For example, under a 4-to-1 IDA program, a participant that saves \$1,000 is granted an additional \$4,000, resulting in total wealth accumulation of \$5,000 that may be used for the established purpose^{lxxii}.

IDA programs are commonly established as partnerships between nonprofit organizations, financial institutions and governmental agencies. The nonprofit organization typically administers the program. Administration generally includes the provision of some form of financial literacy training and counseling, provided on a monthly basis. Nonprofits also monitor a participant's progress in the program and ensure that participants comply with program requirements such as attendance at training/counseling, making required monthly minimum deposits and ensuring that participants meet the income requirements of the program. Nonprofits also control the matching grant funds and related budgets^{lxxiii}.

Financial institutions provide the accounts that are used to maintain participant deposits. Institutions typically utilize standard savings accounts with fees and minimum balance requirements waived. Government entities as well as foundations, financial institutions and other organizations provide the funding used to match participant contributions.

An example of an IDA program includes the Denver-based Mile High United Way IDA program, which is a collaboration between the United Way and Wells Fargo Bank. Through this IDA program, the United Way and Wells Fargo reach out to the unbanked population through employers and community-based organizations. Through a \$1,267,500 grant provided by the U.S. Treasury Department, the Mile High United Way received funding to reach 2,375 unbanked low- and moderate-income individuals in the Denver metropolitan area. As part of the program, Wells Fargo will provide no-cost bank products and financial management and economic literacy training to program participants. The project was established to reach out to the unbanked population through employers and through community-based organizations and workforce development public agencies^{lxxiv}.

A second example includes the First-Time Homebuyer Matching Grant Program established between Operation Hope and Los Angeles-based Cal National Bank. Under this program, Cal National Bank provided Operation Hope with a \$250,000 grant for the purpose of matching low- and moderate-income first-time homebuyers with up to \$5,000 in matching grant funds. The program requires participants to complete required financial literacy and homebuyer counseling, provided by Operation Hope, prior to receiving the grant.

Banks interested in establishing an IDA program should contact the Federal Reserve Bank as well as the Federal Home Loan Bank to determine the availability of government funds and the requirements for establishing an IDA program. Banks should also inquire with the community development officers at these agencies to determine other organizations that provide IDA funding. Additional resources include the Office of Community Services' Assets for Independence Program^{lxxv}.

SERVICES

Acceptance of Matricula Consular and ITIN

A significant hurdle for many Hispanics is the lack of traditional identification required by banks to establish a bank account. For example, many Hispanics living and working in the U.S. do not have a Social Security Card and passport or other commonly used identification. The lack of documentation has kept a large number of Hispanics from establishing bank accounts – either because of the Hispanic’s reluctance or because of the bank’s new account policies.

In order to successfully tap into this market banks must be willing to work with the Hispanic community. This means that banks must be willing to accept the Matricula Consular issued by the Mexican government to Mexican nationals living abroad, and the Individual Taxpayer Identification Number (“ITIN”) issued by the Internal Revenue Service to individuals who do not qualify for a Social Security Card.

Since the events of September 11, 2001 and the passage of the USA PATRIOT Act, many banks have been cautious about the types of documentation accepted when opening a new account. As such, there has been some debate over the appropriateness of the Matricula Consular as a form of primary identification for the purpose of establishing a bank account^{lxxvi}. Federal supervisory agencies have chosen not to opine on the appropriateness and have left that decision up to institutions.

The banking industry has seen widespread use of the Matricula Consular by financial institutions. Millions have since applied and received the card and have successfully opened bank accounts. Bank of America has been so committed to the Hispanic community that its employees visit Mexican consulates and woo Hispanics applying for the card with brochures and free coffee^{lxxvii}. A Pew Hispanic Center study found that financial institutions with the greatest success in reaching the Hispanic market are those that have decided to accept the Matricula Consular^{lxxviii}.

Other banks are experimenting with loans using an ITIN in lieu of a Social Security number^{lxxix}. An American Bankers Association report entitled “Best Practices in Immigrant Lending” highlights ITIN mortgage programs at three banks, including Milwaukee-based Mitchell Bank, which offers a three-year ARM amortized over 30 years. However, due to the lack of Social Security cards, banks that market ITIN mortgages are unable to sell these loans into the secondary market or obtain private mortgage insurance. As such, these banks portfolio the loans or find private investors willing to purchase the credits. In an effort to assist banks in the creation of ITIN-based credit products, in July 2004, Fair Isaac Corporation launched its FICO Expansion Score Service which uses the ITIN as the first step to establishing a credit history^{lxxx}.

Earned Income Tax Credit

The Earned Income Tax Credit (“EITC”) was created in 1975.^{lxxxix} The EITC was designed to offset the burden of Social Security payroll taxes on low-wage workers, supplement earnings and complement efforts to help families make the transition from welfare to work. The size of the credit is based on the amount of income earned and the number of qualifying children in a household.^{lxxxii}

A large and growing share of U.S. low-wage workers are Hispanic and therefore Hispanics especially benefit from the EITC. In 1998, approximately one-third of all Hispanic households claimed the EITC, and the average EITC benefit distributed to Hispanic households was \$1,764.^{lxxxiii}

Unfortunately, according to a 1999 study conducted by the Urban Institute, only 65.7 percent of all families at 50 to 100 percent of the federal poverty level know about the tax credit. This statistic worsens to less than 50 percent for families at less than 50 percent of the poverty level.^{lxxxiv}

With regard to Hispanics, the Urban Institute found that low-income Hispanics are much less likely to know about or receive the EITC than low-income non-Hispanics. According to the Urban Institute, fewer than one in three low-income Hispanic parents know about the EITC program, and fewer than one in five ever received the tax credit or refund.^{lxxxv}

Three reasons that likely contribute to Hispanics’ low participation rate include 1) Hispanics’ feeling that the EITC tax forms are too complicated, 2) their inability to speak or read English well enough to understand the forms^{lxxxvi} and 3) an unfamiliarity with U.S. tax filing requirements.^{lxxxvii}

Creating a solution to this challenge provides an opportunity for banks. By assisting Hispanics through the tax maze a bank has an opportunity to capture a piece of the population that is largely unbanked.

Banks can form a partnership with the Internal Revenue Service (“IRS”) through the agency’s Volunteer Income Tax Assistance (“VITA”) program. Once enrolled in the VITA program, banks can spread the word about the EITC and on convenient days (i.e., Saturdays or evenings, etc.) bank volunteers can assist low-income people in preparing their tax returns.

In addition to assisting consumers with tax returns, bank employees can take the opportunity to open bank accounts for these individuals so that the tax refunds can be deposited directly into their accounts. This creates an excellent opportunity for the bank to provide a public service while reaching the unbanked Hispanic community.^{lxxxviii}

A report by the Congressional Research Service found 99.5% of EITC recipients receive their benefits in an annual lump sum^{lxxxix} rather than in periodic supplements to their take home pay. The lump sum method provides recipients with a single payment that is treated as a form of savings that can be used toward long-term financial security.

Approximately half of the respondents to a survey conducted by the National Council of La Raza (“NCLR”) found that some or all of the EITC refund would be saved.^{xc} The Urban Institute found that recipients use the money for investments in education and savings as well for the payment of bills and daily living expenses.^{xcii}

An effective Hispanic marketing program should include an EITC component. The program should seek to enlist the assistance of other organizations that may have an interest in serving the public’s needs. For example, a bank may inform building tenants or other neighborhood businesses of the bank’s program. The bank should act as the lead organizer and request that all volunteers coordinate their efforts through a specific bank employee.^{xcii}

Ideally, the bank should establish in-branch VITA sites. However, to the extent that this is not possible or if bank branches are not conveniently located to the targeted Hispanic population, the Bank should also consider working with a nonprofit organization that is experienced in conducting EITC tax assistance.

In combination with the EITC program, the bank should also offer financial literacy classes such as the FDIC’s Money Smart program. These classes should be promoted at the time that tax assistance is provided. The classes will assist Hispanics in managing their financial resources better, including the lump sum tax refund that will be received.^{xciii} Targeted financial products should be made available to consumers. This includes free or low-cost checking and savings accounts that can be used for the receipt of the tax refund. Consumers can also benefit from Individual Development Accounts for the purpose of establishing a home or business loan.

The Bank should contact the Internal Revenue Service’s Stakeholder Partnerships, Education and Communications Division to request information about establishing a VITA program at the bank.

Problem Solving

Many times the reason Hispanics shun banks as providers of financial services is because banks are not prepared to assist Hispanics in solving the problems that preclude them from establishing an account.

For example, banks are required to collect taxpayer identification on all new accounts. Under certain circumstances potential customers do not possess a social security card and as such, they are turned away. Rather than turn customers away, banks should be equipped to provide the ITIN application. Truly committed banks should apply to act as a Certified Acceptance Agency, permitting the bank to issue tax identification numbers. Similar assistance should be provided relative to obtaining a Matricula Consular or standard Department of Motor Vehicles identification card. To the extent that the bank takes ownership of the potential customer’s problem, the bank begins earning the respect and loyalty of the customer.

Financial Literacy/Homebuying Seminars in Spanish

Financial literacy programs are critical to an effective Hispanic marketing program for several reasons. First, many Hispanics, particularly Nationalists, do not understand how financial products work. Through financial literacy seminars the bank can share information on prudent personal financial management while describing how to obtain and use the bank's financial products.

Financial literacy is also important from a personal safety standpoint. As unbanked individuals, Hispanics who do not use financial products such as checking and savings accounts typically keep a lot of cash on their persons or in their homes. This makes Hispanics vulnerable to crime^{xciv}.

These programs also help alleviate the fears that many Hispanics have regarding financial institutions. Hispanics not only learn what the various products are and how they work, but they also learn about the consumer protections built into the U.S. banking system through the FDIC insurance. Whereas in their native countries the deposits were subject to uncertainty and fraud, in the U.S. the government provides the protections needed to give customers peace of mind.

The delivery of financial literacy programs, particularly in Spanish, also speaks to a bank's commitment to the Hispanic community. Such programs, conducted in cooperation with local community groups such as churches or community centers, provide Hispanics with a comfort level and assist the bank in learning more about the financial service needs of its local communities.

In a creative approach to financial literacy training, BB&T Corp. created a series of hour-long Spanish-language educational audiotapes that Hispanic consumers are able to listen to on their own time. The audio tapes cover general consumer issues as well as financial and banking information^{xcv}.

Visits with Local Hispanic Groups/Leaders

To gain a footprint in the Hispanic market banks must earn the trust of the community. One approach to gaining an introduction to the Hispanic community and subsequently earning the community's trust is through the assistance of local Hispanic leaders. Meetings with community leaders within churches and other nonprofit organizations can provide banks with valuable opportunities. This includes developing workshops, seminars and other events with organization constituents. For example, in 2003, Wells Fargo Bank teamed with the U.S. Hispanic Chamber of Commerce ("USHCC") to roll out a loan program specifically targeted to Hispanic business owners^{xcvi}. Without the USHCC's assistance, Wells Fargo would have had a much more difficult time reaching its target audience.

Hispanic Event Marketing

As previously stated, an effective Hispanic marketing program requires banks to reach out and enter the Hispanic community to earn the trust needed to get Hispanics in the door. In addition to visits with Hispanic groups and their leaders, another effective outreach technique is event marketing. Hispanic festivals, concerts, youth sports tournaments and other events allow banks to communicate directly with the Hispanic market. Event marketing allows Hispanics to meet the faces that represent the bank. It is during this interaction that Hispanics will be able to see a bank's commitment to reaching out to the Hispanic community. This takes shape in the form of Spanish-language communications, both verbal and in the marketing materials provided. Research suggests that more than 90 percent of consumers polled at Hispanic festivals are more likely to buy sponsors' products. The following are tips to ensure successful event marketing^{xcvii}:

- Focus on the family;
- Steer away from large, traditional festivals that are expensive and filled with clutter;
- Consider creating a proprietary event in conjunction with a local organization such as a church, school, community group, soccer league, etc.; and,
- Create a cultural curriculum that is distributed free over months to schools and churches.

For example, in June 2004, U.S. Bank sponsored a free baseball clinic for the benefit of the Felix Mantilla Hispanic Community Little League children and their parents. The event brought together Hispanic families and members of the Milwaukee Brewers for the purpose of providing the youth with a baseball clinic. With parents in attendance, U.S. Bank seized the opportunity to enlist the parents in U.S. Bank's financial literacy classes^{xcviii}.

Branches in Hispanic Communities

Any bank that wishes to truly commit to the Hispanic market must create a branch network that facilitates banking for the Hispanic community. This means ensuring that the bank maintains a branch presence in Hispanic communities.

Since Hispanics are a high-touch market, the use of ATMs and unmanned supermarket branches are not the most effective channel. Therefore, banks that are committed to the Hispanic market must make significant investments in brick and mortar branches. In January 2003, Bank of America embarked on a \$1.5 billion expansion aimed at attracting new Hispanic customers. The plan added 550 branches in mostly minority areas of Illinois, Florida, Texas and California^{xcix}.

In addition to traditional branches, banks may find it beneficial to establish a branch within the offices of an established nonprofit organization. In 2002, Cal National Bank

established an office in the existing space of Operation Hope's Maywood HOPE Center. Former Office of Thrift Supervision Director Ellen Seidman called this an example of an important paradigm shift of function over form^c.

Employee Diversity Training

Hispanic customers bring a different language and culture as well as a different set of sensitivities and priorities to the bank environment. As such, an effective Hispanic marketing program requires training of all affected employees, including branch personnel, underwriters, product managers, senior managers and the board of directors. Training should address how to interface and work with Hispanic customers. This training serves as the basis for transforming Hispanics' distrust of banks to reliance on banks for their financial needs. Effective training can make Hispanic customers feel welcome and break down the misperceptions, attitudes and barriers that exist between Hispanics and banks^{ci}.

Spanish-Language Communications

The importance of Spanish-language communications was discussed in detail in Chapter Five. However, it must be stressed again: without Spanish-language communications any attempt at gaining a significant portion of the Hispanic market will fall short.

Having Spanish-speaking staff in locations visited by Hispanics helps banks earn the trust of the Hispanic community. If Hispanics are able to speak with bank employees who have similar backgrounds, it helps Hispanics overcome their concerns about working with banks. Further, Spanish-speaking individuals may feel more comfortable talking about personal financial matters with someone who has a common background^{cii}.

Spanish-Language Electronic Banking

As the cost of technology has continued to fall, the number of Internet users has continued to rise – including Spanish-speaking Internet users. Of the roughly 35 million Hispanics it is estimated that eight million are currently online and that one-third of those users prefer to use Spanish when transacting over the Internet. Therefore, to the extent that a bank maintains an Internet site – particularly one that allows Internet banking, the Bank should ensure that a Spanish language version is available for Hispanic customers who desire to transact in their native language^{ciii}.

In an effort to serve its “wired” Hispanic customers, Wells Fargo Bank provides an online educational center for prospective homebuyers, small business owners and consumers. The centers are part of Wells' online financial literacy program called “El Futuro en Tus Manos” (“Hands-On Banking”)^{civ}.

Hispanic Advisory Committee

Reaching the Hispanic market requires substantial interaction with third parties. Before a bank determines who to interact with and what information is needed from these third parties in order to implement an effective Hispanic marketing program, there must be some form of leadership within the bank to guide such actions.

To ensure that the resources dedicated to a Hispanic marketing effort are well spent, banks should implement a Hispanic advisory committee that guides the actions taken by the Bank. This advisory committee should be accountable for the effective development and implementation of a program. This advisory committee should work closely with the bank's Marketing Department.

Examples of companies that have used this model include the following:

- Allstate Insurance Company: In 1995 formed the Hispanic Business Team, composed primarily of Hispanic employees, to create a more effective marketing effort^{cv}.
- Wells Fargo Bank: Created Wells Fargo Amigos, a 200-person employee group that is responsible for developing ties in the Hispanic community^{cv}.
- American Family Insurance Company: In 1995 formed the Emerging Market Development Department to target minorities^{cvii}.
- Comerica Bank: Set up an internal Hispanic Advisory Committee to coordinate its Hispanic marketing efforts^{cviii}.

Hispanic-Based Interior Design

A bank's success in reaching the Hispanic market may improve if the setting is familiar to the customer. Depending on the local culture, branches may be decorated to fit the country of origin. For example, the Oak Cliff branch of Laredo National Bank in Dallas, Texas, welcomes local Hispanics of Mexican descent with a décor that includes serapes and panchos^{cix}. Mitchell Bank in Milwaukee, Wisconsin decorates its branch with images of the Virgin Mary^{cx}.

Chapter VII – Conclusions

The purpose of this paper was to provide bankers with a roadmap to creating an effective Hispanic marketing program. This paper provided a brief background of who the Hispanic market represents, the challenges associated with targeting this market, and products and services, above and beyond the generic products and services, that can be used to effectively reach into this market.

It is clear that serious efforts at targeting the Hispanic market require more than a handful of translated marketing materials. For an effective program to take shape it requires commitment from the highest level of management. The financial commitment needed to be effective is substantial. However, based on the information provided, the payback today and particularly in the future, will be tremendous.

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