

Founders

Federal Credit Union

Taps into the

Hispanic Market

by Tiffany Kultgen

Offering international money transfers, or remittance services, is a win-win for credit unions—both philosophically and in terms of the bottom line.

That is why Founders Federal Credit Union in Lancaster, South Carolina, began offering remittances through World Council of Credit Unions' international remittance program in late 2002.

Established to serve local textile industry employees, Founders FCU is looking at new membership groups to ensure future growth. And, as senior vice president of marketing and community relations, Nicki Amos, pointed out, "Serving another community group such as Hispanics is simply our credit union continuing to look out for hard working people trying to get ahead in life, as we always have."

Founders FCU had seen the high costs that immigrants were paying to send money back home and wanted to offer a low-cost alternative. Two years after initiating money transfer services, it started offering remittances for *free* as part of a larger initiative to attract the Hispanic market.

Last year, Founders FCU transferred more than 3,500 remittances to Latin America, representing more than US\$1.5 million. By mid-March of this year, it had already transferred 960 remittances, totaling almost US\$500,000—well on the way to topping its 2006 numbers.

While offering free remittances to the underserved Hispanic market was right in line with the "people helping people" philosophy, Founders FCU also viewed it from the business side. Remittances could be the "foot in the door" to attract this important new member group. According to Amos, these new members not only want remittance services, but also savings accounts and auto loans.

WOCCU started its international remittance program in 2000 to make low-cost alternatives available through credit unions by connecting them with established money transfer operators. More than US\$1.5 billion in transactions have passed through credit unions working with WOCCU since then, most having been distributed through credit unions in other countries.



To attract Hispanic members, Founders Federal Credit Union in Lancaster, South Carolina, developed a strategy that included opening a branch office staffed with mostly Spanish-speaking employees and offering international money transfers for free.

In the United States, the large majority of remittances are sent from mom-and-pop shops, not financial institutions. The market holds serious potential for credit unions. An estimated US\$53.6 billion in remittances were sent to Latin America and the Caribbean in 2005, and more than 40 million Hispanics—many of them unbanked—reside in the United States.

The simple offering of remittance services, however, is not enough to build the business. Amos said that Founders FCU developed a strategy which included participating in the Hispanic community's local activities, training staff in cultural diversity, providing services and marketing materials in Spanish and even opening a branch office staffed with mostly Spanish-speaking employees. Hispanic members will drive 30 to 40 minutes to get to this branch, even bypassing other Founders FCU locations. This branch alone transfers about 350 remittances per month, compared to an average of 15 at the other three branches.

Typically Hispanic immigrants don't think of credit unions as a place to send their remittances. The experience of Founders FCU proves that credit unions can change that perception. Remittances, like other financial services, can have great impact on people's lives, but they do not sell themselves. Marketing a specialized service needs to go hand-in-hand with understanding the target market and reaching out to that market in ways that make sense to the people in it. ■

Tiffany Kultgen is the WOCCU international remittance program manager. Find out how your credit union can begin offering remittances by contacting her at tkultgen@woccu.org.