

Taking It to the

Proximity is
No Longer
a Barrier to
Serving Mexico's
Rural Poor

*Saúl Lozada Gonzalez, a
Caja Popular Mexicana
(CPM) field officer
(on motorcycle), enters
the remote Mexican
village of Tlalchy to
visit an all-women's
group of members.*

PHOTOS BY BILL MERRICK

Member



When no one else would provide financing, WOCCU's rural outreach methodology allowed indigenous women in Zongolica's mountainous region to access capital sufficient to open a grocery cooperative in their small village.

By Bill Merrick

The road from Coatepec to Zongolica, Mexico, offers stunning vistas and a cornucopia of images: small children carrying buckets of ground corn, women climbing steep inclines with babies nestled into blankets, wooden dwellings and cornfields clinging to cliff sides and shrines paying homage to those killed along the route.

"I'm sorry," said Dante Rivas, smiling apologetically for passing two commercial trucks on the winding, cloud-high mountain pass. "It's the only way."

No harm done. He's right, after all. Serving credit union members in rural Mexico requires going where they live regardless of terrain or vehicular threat.

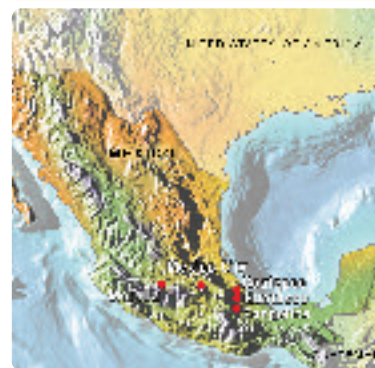
Rivas, innovation and outreach manager for a World Council of Credit Unions' (WOCCU) program in Mexico, heads to the coffee-growing area to demonstrate firsthand how Caja Zongolica reaches out to members in the remote region. The credit union is one of more than 70 to employ a unique group approach to financial service delivery, called *semilla cooperativa* (cooperative seed), with great success.

WOCCU uses *semilla cooperativa* as part of its second Rural Microfinance Technical Assistance Project (PATMIR II). Funded by the Mexican Ministry of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA), the US\$24.8 million program trains credit union staff and field officers in 240 points of service throughout rural Mexico.

In such rural areas, The World Bank reports that only 5% of people have access to mainstream financial institutions, compared to 32% of the Mexican population overall. WOCCU's mission: Add 200,000 rural members by 2010.

Reaching the farmers, laborers, shopkeepers and others living

MEXICO



in the rural region requires assertive outreach using field officers, tailored products and services and a willingness to serve those outside the financial mainstream. As Caja Zongolica has found, the results can be both socially gratifying and financially lucrative.

The Mexican Pyramid

One successful growth strategy Caja Zongolica employs is helping members in crisis. Take, for instance, Maria Ernestina Carrera and José Manuel Ramírez, owners of a Zongolica taxi company. They faced a new government mandate requiring them to purchase all new taxis within 40 days or forfeit their business.

The business owners initially turned to a bank for financing, but were denied. Caja Zongolica stepped in, and Carrera and Ramírez now have a thriving trade. The taxi group holds the credit union's largest loan.

This type of effort has helped Caja Zongolica grow from 1,200 to 8,500 members during the past three years, according to its manager, Dolores Rivera. The credit union aims to increase membership by another 7,500 by the end of this year.

This is precisely what SAGARPA envisioned when it funded PATMIR, said Gabriela Zapata, SAGARPA's director of financial organization strengthening. She views Mexico's financial system as a pyramid: banks serve the richest customers at the top, niche banks serve middle-income people and social financial institutions, including credit unions, serve those in the lower strata.

Caja Zongolica's outreach runs "deep," Zapata said, meaning its members are the poorest of the poor at the bottom of the financial pyramid. She stresses the importance of its focus on educating members about the need to save.

"Everyone needs savings," she said. "But not everyone needs credit. And not everyone who needs credit can pay it back. So let's not make people permanent debtors."

The main roadblock for rural consumers is access, Zapata added. "What provider would come down here when there's so much need [near the top of the financial services pyramid] and it's so much easier to fill it? Down here there are mudslides, technical and nature-related difficulties and a lack of education."

Credit unions tackle such challenges with a highly effective tool: the field officer.



Semilla cooperativa group members decide together how much they will deposit on a monthly basis, usually about US\$10, and the field officer manually records the transactions.

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Commitment Counts

José Florencio Sedas confronts many perils during his daily sojourns to remote Mexican villages. The Caja Yanga field officer navigates his motorcycle through sudden rainstorms, overflowing rivers and cavernous potholes to serve members who live 30 kilometers (19 miles) from his branch office in Huatusco. Some routes take field officers up to several hours to navigate. The members he meets lack a convenient or affordable way to get to the credit union in person.

Sedas has crashed his motorcycle twice on the job, hurting his leg and shoulder. He knows another field officer who had credit union money stolen from his cycle. For all this, Sedas earns a very modest 1,500 pesos—about US \$150—every other week.

Why do it? "To help people and provide the services they need," he said. Not surprisingly, member groups treat him like a friend who's come to visit, according to Rocío Díaz, general manager for Caja Yanga's Huatusco branch.

Initially, field officers seek out and establish rapport with leaders in unserved rural communities to promote credit union services. Interested residents form community groups and decide, among other things, how often to meet with the field officer, how much to save between visits and who will be group leaders.

Field officers take any means of transportation available to reach members, according to Jennifer Brink, WOCCU development communications officer: motorcycle, bus, foot or a combination of each. One field officer reaches a member group via boat.

The job requires serious commitment to the cause. "We're providing fair access to financial products and services," Brink said, "so credit unions want field officers who view service to the rural poor as economic justice, not charity."

New Approaches

WOCCU continues to improve the *semilla cooperativa* approach, which it also uses elsewhere in Mexico, and will soon test point-of-sale (POS) devices that field officers can take on their visits to enable members and businesses to make deposits and loan payments electronically.

New products tailored to rural members will also improve outreach. They include a *semilla plus* loan that offers progressively higher loan amounts once members pay off initial loans; agro-sustainability loans that reward earth-friendly farmers with lower interest rates; and an account that disburses money to farmers in regular intervals to smooth their



Alicia Maldonado has owned a small grocery store for 15 years in Tlalchay, Mexico. She has taken out \$6,000 in loans from her local credit union over the years to finance supplies and equipment. Maldonado's son (left) works at the store.



Caja Zongolica field officer Maria Victoria Xochicale (left) collects savings deposits from an indigenous women's group at the small grocery store they own and operate in Tequila.

sporadic income flows. Besides improving efficiencies and accuracy, future use of the devices will significantly reduce the personal risk field officers incur having to carry large amounts of cash over substantial distances.

Leaving Zongolica, it takes an hour to drive up the mountain to meet with a group of women, most of whom are indigenous, uneducated and non-Spanish speaking. They opened a modest but successful grocery store with credit union financing to generate supplemental income for their families. They're at the bottom of the financial pyramid and far outside the financial mainstream—just the type of members *semilla cooperativa* was designed to serve.

Navigating the ruts, mud and potholes leaving the village, Rivas spied the branch manager, Rivera, on the road. "She's really a crazy driver," he said. And Rivas would know. 🌐

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