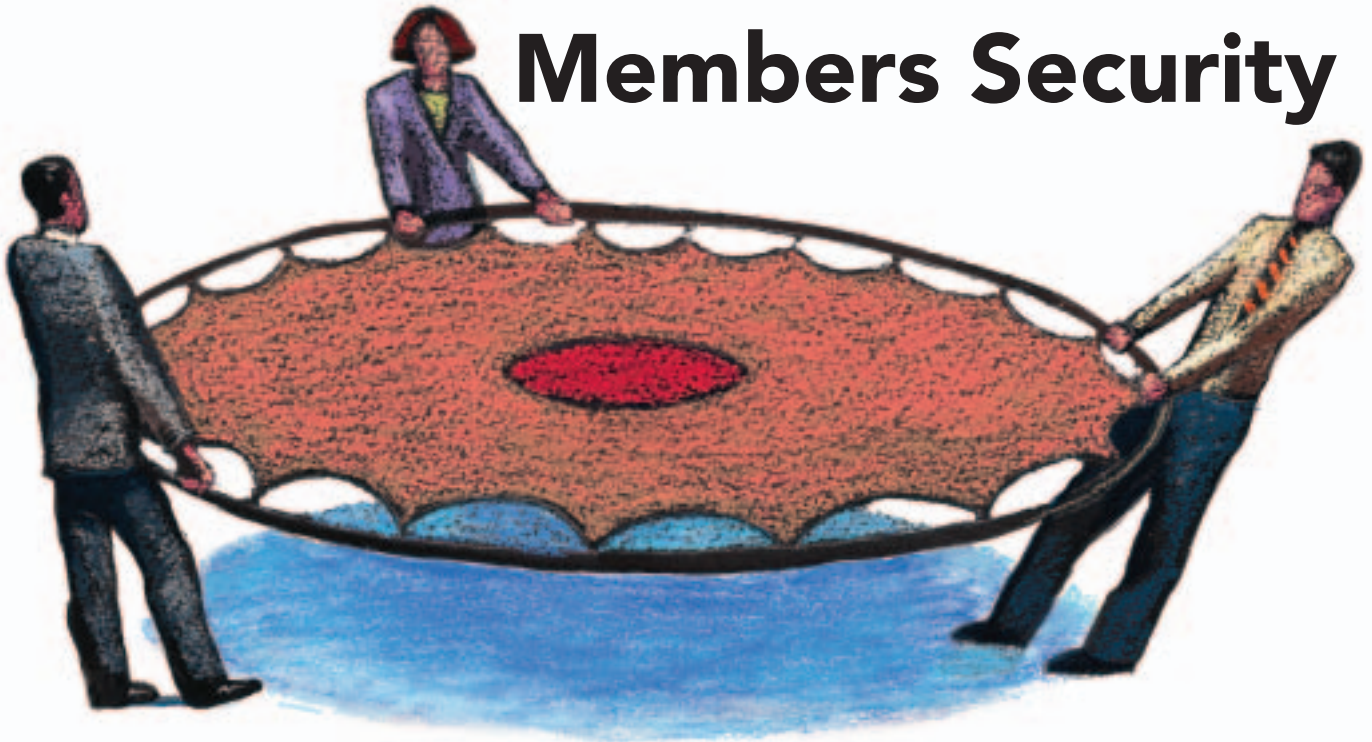


# SAFE Account Offers Members Security



In 2000, Charlotte Metro Credit Union in North Carolina was a SEG based organization in a community where construction and agriculture jobs were helping to attract an increasing number of Latino residents. Deb McLean, Vice President of Marketing for the credit union, found that SEG representatives were calling to ask if there were ways the credit union might be able to help their Spanish-speaking employees. They wanted to know if the credit union could help explain financial products to their workers.

At about the same time, the Charlotte community suffered a spike in crime against immigrant workers. Because they typically didn't have bank accounts, the workers regularly carried larger-than-usual amounts of cash. The community's criminal element soon figured this out, and Latino workers became the target of muggings and robberies. Because the workers often mistrusted police, many victims wouldn't report the crimes. The police department, which was included among Charlotte Metro's SEGs, was eager to find a solution.

Because many of the workers didn't have Social Security numbers, banks seemed to take the position that they could not serve the growing population. Challenged by the opportunity to do something the banks couldn't, McLean went to work trying to identify a way to meet the needs of this underserved group while still complying with regulatory requirements.

Charlotte Metro introduced the non-interest-bearing SAFE account, that can be opened without a Social Security number, in 2001. It adopted a community field of membership the same

year, partly as a result of its interest in expanding service to underserved residents.

McLean praises the credit union's board of directors for its courage in establishing the SAFE account. In presenting the program to them, she cautioned that the account could draw criticism from people who didn't like the fact that workers in the country illegally could benefit.

"I could not find anyone else doing it this way, although there were rumors of a Wells Fargo branch in Texas," McLean observed, noting that the bank's staff wouldn't talk with her. Because the credit union's board members are well connected in the community, they were aware of this population being targeted by criminals, and they were very supportive of innovative efforts to address the problem. "They strongly believe in the credit union philosophy of serving the underserved," she said.

In her efforts to figure out how to serve Charlotte's growing Latino population, McLean discovered that informational resources were rare. She contacted league offices in California and Texas in hopes that having dealt with large Hispanic populations for a number of years they would have developed solutions she could implement. While things were changing, she found the historic view in these states had been to view undocumented workers as migrants who wouldn't be in the community long enough to need or want a credit union affiliation.

While those who open SAFE accounts don't benefit from earning dividends on their deposits, they do get a safe place to keep their funds. They are also able to take advantage of products

such as checking accounts and ATM/debit cards that most U.S. residents take for granted. McLean pointed out the account can also help the holder to build credit history. While the credit union can't report the member's results to a credit bureau without a Social Security number, it can build its own credit file.

After the first year of the SAFE program, the credit union found no negative activity and discovered that its Latino members were keeping about four times the amount of savings with the credit union that their average member did. Within the first four years, McLean now knows, Latino members are likely to have five products with the credit union in comparison with an average of just over three products for all members.

In addition to their SAFE account, most of Charlotte Metro's Latino members will add a basic checking account, an ATM card, a secured loan and either a Visa® card or a car loan. "They are profitable, but it takes awhile. You have to build a relationship and build trust," she added.

A key element of building that trust has been involvement in local organizations serving the Latino community. Among the groups that were instrumental for Charlotte Metro were the Latin America Business Chamber, the Latin American Coalition and the Latin American Business Women's Association. In addition, the credit union actively sought opportunities to support events targeted at the community's Latin American market.

Getting to know the specifics about the Hispanic community in the credit union's market is another factor in recruiting successfully from this audience. Although many U.S. Latinos have Mexican roots, other countries of origin are also represented. For example, residents with ties to countries in South America established many of the Hispanic organizations in Charlotte.

McLean has found that the Latino market relies heavily on word of mouth and referrals. Consequently, many of the credit union's marketing efforts are directed to ensuring that local Latino

leaders and churches serving the Hispanic community are aware of the credit union and its continuing interest in providing service to the market. In addition, the credit union has developed unique marketing campaigns for placement in Spanish language mass media rather than simply attempting to translate English language campaigns to Spanish.

At the initial stage of the process, however, more basic communications may suffice. For applications, account disclosures and informational brochures, the credit union employs a translation of English language materials. Producing these translations adds relatively little to total marketing costs. McLean strongly



recommends using a certified translator rather than calling on bilingual employees to do the job.

At the time Charlotte Metro began its Hispanic marketing effort, it did have a bilingual employee on staff. However, it quickly became obvious the credit union needed additional bilingual help. Finding the right employees was challenging initially, and the credit union didn't rely solely on finding employees with banking experience.

For example, McLean recruited a young cashier from a grocery that targeted the Latino market for a teller position. "She was fluent in Spanish. That was her native language, but she was also proficient enough in English that she could make herself understood. We recruited her because she had cash handling experience, a very pleasant personality, and

because she was bilingual. Now she's one of our best employees. She's been promoted to account manager, where she opens accounts and loans," McLean explained.

Today, the credit union has integrated awareness of the need for bilingual and bicultural skills more thoroughly into its operation. Through a local community college, the credit union offers a program each quarter to help front-line employees learn to handle basic transactions in Spanish. Cultural differences are also discussed in training sessions with credit union staff. It also continues to hire bilingual employees from the outside.

"I don't want to say we never have a problem finding a bilingual employee now," McLean said. "But we do have them coming to us saying, 'I've heard about you; you do good things. Here's my resume. I'm conversant in Spanish.'"

Since launching the Charlotte Metro program, McLean has talked with many credit unions about serving the Latino market. She has found that some are concerned about the legal status of the members they serve. She encourages credit unions that do not wish to serve illegal immigrants to develop a very thorough set of policies.

Because of the SAFE account, Charlotte Metro is able to tell applicants they can open an account without a Social Security number, but that the credit union won't be able to pay them interest. "We'll accept any government-issued ID: a visa, a Mexican voter registration card, a Guatemalan driver's license," McLean noted. Patriot Act requirements are fulfilled by running names through the OFAC list.

Without SAFE, McLean indicated, illegal immigrants wishing to open accounts might be more likely to give false Social Security numbers. Because such situations do occur, it's important to have policies in place at the outset to define how they will be handled.