

# U.S. Bank Hispanic Banking Segment

*Usted tiene amigos  
en U.S. Bank.*



# About U.S. Bancorp

**Ranking:** 8<sup>th</sup> largest financial services holding company

**Headquarters:** Minneapolis, Minnesota

**Asset Size:** \$195 billion

**Customers:** 10.6 million

**Banking Region:** 24 States

**Banking Branches:** 2,199

**ATMs:** 4,575

**NYSE symbol:** USB

# Hispanic Banking Segment Background

- As U.S. Bank evaluated emerging, high-potential consumer segments, U.S. Hispanics rose to the top.
- Hispanics comprise approximately 13% of the U.S. population (35MM) and the population has grown 58% since the 1990 Census.
- U.S. Hispanics are under-indexed for all banking products, including: deposits, credit cards, loans and investment and retirement services
- Lower product acceptance is attributed to a lack of information and familiarity/comfort with banks.
  - ✓ Foreign born consumer had obstacles in their countries of origin to forming secure and trustworthy banking relationships
  - ✓ Compounded by limited availability of Spanish language information and bilingual customer service.
- Our goal is to be an outstanding bank, responsive business partner and superior employer for the Hispanic Community.

# U.S. Bank's Hispanic Banking Segment Initiative Overview

- In June 2001, U.S. Bank launched a comprehensive initiative to become the Best Bank in America for Hispanics.
- Over 300 branches were selected to participate in the initiative based on the population mix of the branch community or the existing customer/sales force base. Currently over 500 branches are participating.
- Strategies focused on critical first steps in engaging branch employees and developing action plans in branches serving Hispanic markets.

Staffing	Community Involvement	Products and Marketing
Align branch staffing to reflect the local market composition by hiring Spanish-speaking employees.	Engage markets in building local partnerships and sponsoring local community events.  Develop relationships with national Hispanic organizations.	Deliver sales tools and bilingual sales materials to guide branch initiatives.  Develop products and services to meet the unique needs of the Hispanic community.

# U.S. Bank's Hispanic Banking Segment

## Winning Strategies

- In November 2001, U.S. Bank was one of the first financial institutions in America to accept the Matricula consular ID and the ITIN for opening an account.
- Focus on branch and customer service staffing to ensure our sales and service centers reflect the diversity of our communities.
  - ✓ 24-Hr Banking is fully staffed with bilingual CSR's. Our Interactive Voice Response system (IVR) gives caller the option to receive automated account information in Spanish or English.
  - ✓ Many U.S. Bank branch locations have bilingual employees along with bilingual signage, brochures, and other material to make the banking experience more inviting to customers who prefer to do business in Spanish.
- In October 2002, we launched [espanol@usbank.com](mailto:espanol@usbank.com), a Spanish-language version of usbank.com with information on banking products and services, complete with a branch locator that identifies where customers can find Spanish-speaking tellers and bankers.

# Financial Education

- ✓ Basics of Banking
- ✓ First Time Homebuyers
- ✓ The Credit Process- A Guide for Small Business Owners
- ✓ Partner with FDIC Money Smart

# Marketing to U.S. Hispanics

- In order to reach Hispanic consumers we must understand their rich diversity as well as common threads
  - Cultural Pride
  - Spanish Language
  - Family Values

# Marketing Plan

- Adapted/translated key product brochures, sales flyers and transactional forms and equipped branches with bilingual signage and a banners that highlight our slogan: “Usted tiene amigos en U.S. Bank”.
- Executed mass media and direct marketing campaigns, including Spanish radio, newspaper, outdoor and direct mail.
- Focus on grass roots efforts, leveraging existing strategies that reach our target audience:
  - ⇒ Partnerships with local community groups and Mexican Consulates
  - ⇒ Care calling, workplace presentations and in-branch education
  - ⇒ Sponsorship events (Cinco de Mayo)
  - ⇒ Press releases



# Three Targeted Segments

## Segmented Marketing Approach :

- **Tier I.: Least # of years in U.S.(And/Or Least Sophisticated in terms of Banking); Lowest SocioEconomic Status (S.E.S)**
  - Gain the trust of the entry-level personal banking consumer with educational promotional programs and products to establish banking relationship and credit with the goal that these customers will eventually select U.S. Bank for all of their banking needs
- **Tier II.: Average # of yrs. In U.S (And Average Level of Sophistication terms of Banking)., Middle Level S.E.S.**
  - Expand the product and services sell list beyond those promoted for Hispanic customer 2 years or less so as to access this customer during the key turning point in their assimilation process in the U.S. (e.g. Cross-sell to the Home Loan and Business Banking customers the personal banking products and vice versa).
- **Tier III.: Most # of years in U.S. (And High Level of Sophistication terms of Banking) , Highest Level S.E.S.**
  - Advance the level of product acquisition with targeted marketing that take into consideration the more developed Hispanic customer lifestyle needs in the U.S.(e.g. Promote Lines of Credit and Loans for the more assimilated Hispanic family who has progressed and now has changing banking needs).

# Credit Builder Secured Loan

Created “Credit Builder Secured Loan” to help individuals without established credit history or with newly established credit profiles to obtain financing through U.S. Bank.

- ✓ **Credit Limit:** \$1,000 - \$10,000; Fully Secured by a CD.
- ✓ **Credit Bureau Requirements:** Applicant without a credit bureau file or limited bureau data (thin file) can qualify (*No bankruptcies, no majors, no minors, no collections*)
- ✓ **Income:** Applicant must provide proof of income. The most common proof of income document is a pay stub/pay voucher.
- ✓ **Residency:** Applicant must provide proof of U.S. citizenship or U.S. permanent residency status—verified with a copy of a U.S. Birth Certificate, U.S. Passport or U.S. Permanent Resident Card. Applicant must also have a verifiable U.S. address.
- ✓ **Identification:** Standard new account identification policies apply. In addition, the Mexican Consulate ID will be accepted.
- ✓ **Tax Identification:** Applicant can apply with a Social Security Number or Individual Taxpayer Identification Number.

# Secured Visa Card

Made changes to our “Secured Visa Card” to help first time borrowers qualify for credit and establish a credit history

**Credit Limit:** \$300-\$5,000

**Income:** N/A

- ✓ **Residency:** Applicant must have a verifiable U.S. address, *but does not need to provide prove of U.S. citizenship or permanent residency status.*
- ✓ **Personal Identification:** Mexican Consulate ID is now accepted in addition to all other forms of approved ID for opening a Secured Visa Card.
- ✓ **Tax Identification:** Individual Taxpayer Identification Numbers (ITIN) are now accepted when an individual does not have a Social Security Number. (*The credit limit for individuals with an ITIN is \$1,000.*)

# Mortgage: En Su Casa Program

Three year partnership with Fannie Mae and NCLR to expand affordable housing opportunities in underserved communities by working with NCLR's Homeownership Network to provide homeownership counseling and flexible mortgages to Hispanic families.

Primary product "American Dream" Loan

Borrower need not be a first time homebuyer

✓ **Borrower Investment**- a minimum investment of \$1,000 or 2.0% of purchase price (whichever is less) from borrower's own funds.

✓ **Maximum Mortgage** - 97% LTV

✓ **Credit Bureau Requirements** - Borrowers will not be rejected due to lack of established credit history if borrower documents a satisfactory payment record based on rent, utilities, telephone bills, child care, or other payments required to meet a regular financial obligation.

✓ **Homebuyer Education** – buyer required to participate in pre-purchase homebuyer education and counseling.

# Small Business Banking

**Cash Flow Manager** Complements the business checking account with the following money management tools:

- ✓ Working capital line of credit (\$10,000-\$50,000 unsecured)
- ✓ Free Business Check Card
- ✓ Free Internet Banking and Bill Pay
- ✓ Overdraft Protection for Business Checking
- ✓ \$15 monthly fee includes Line of Credit and Bill Pay
- ✓ Rates are Prime + 2.5% - 6.5% depending on credit scores

**SBA Express** non-Real Estate SBA Loan < \$250,000

- ✓ Minimum 1 year in business. Business acquisitions accepted with 25% equity
- ✓ Projected income can be considered with business plan
- ✓ carries a 50% guarantee

**SBA Community Express**

- ✓ Loan amounts ranging from \$10,000 to \$250,000
- ✓ Available to uniquely qualified small businesses in Low to Moderate Income areas
- ✓ Creates partnership with Technical Assistance Provider to assess business plan



A partnership between the United States Hispanic Chamber of Commerce, Local Affiliates, and U.S. Bank to implement a national loan program aimed at lending more than \$1,000,000,000 over the next five years to small businesses in high growth Hispanic Markets nationwide.

- Provides a new revenue stream for local chambers
- Develops new chamber members and customers
- Provide small businesses with improved access to financing.

Uniquely designed, the program could generate more than \$7 million in funding to Hispanic Chambers throughout the United States over a multi-year period based on referral fees paid by U.S. Bank. The referral fee is returned to the referring chamber as a percentage of each loan, line of credit, or lease that is booked in the program.

# Wire Remittances

U.S. Bank has created two options under its Secure Money Transfer program to send money to Mexico safely and affordably for many Hispanics in America.

## Secure Money Transfer

• *From Your Hands to Theirs* – “*De Sus manos a las Suyas*” allows recipients in Mexico to access their money via any of the 20,000 PLUS Network ATM in Mexico **for as low as \$8.00.**

• To limit fraud and compliance risk, the following product parameters apply:

- ✓ Maximum load: \$1,000 per load; \$2,000 per month
- ✓ Maximum number of cards: 2 per sender; 2 per recipient
- ✓ Maximum card value: \$2,000

## Core Fee Structure

- ✓ Money Transfer Fee: \$8 USB Acctholder / \$10 Non Acctholder per transfer
- ✓ Card Delivery Fee: \$5.00 (one time at set-up)
- ✓ ATM Withdrawal Fee: 1 FREE per transfer, \$2.00 for each subsequent withdrawal
- ✓ ATM Balance Inquiry Fee: 1 FREE per transfer, \$1.00 for each subsequent inquiry
- ✓ Telephone Banking Fee: 2 FREE calls per transfer, \$2.00 for each subsequent call

## US Bank and L@Red de la Gente Partnership

U.S. Bank and L@Red de la Gente formed a partnership to take the lead in helping Mexican-Americans and low-income Mexicans build wealth on both sides of the border. To do this, the partnership is dedicated to:

- Creating product and fee incentives to reward behavior that uses remittances to invest and save for specific assets or purposes
- Providing access to safe and secure financial products for consumers on both sides of the border
- Bank accounts are not mandatory to send or receive money

### Convenience

- ✓ Direct deposit to any L@ Red de la Gente account
- ✓ Cash pickup at any L@ Red de la Gente branch

### Competitive Price

Maximum transfer: \$1,000

Account to account transfer \$6.

Account to Cash \$8



# U.S. Bank's Hispanic Banking Segment

## Our Commitment

- U.S. Bank is committed to serve our customers, communities, employees, and shareholders.
- The Hispanic Initiative will help us carry out our commitment as we find ways to build trust and partnerships with Hispanic consumers, businesses, and communities.
- As a leader in the banking industry, we embrace the Hispanic customer. To reach our customers we:
  - ✓ Staff to reflect the markets we serve
  - ✓ Proactively get involved in our communities
  - ✓ Ask for the business