

Hispanics Are Seen as Ripe Clients for Wealth Business

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By Sonja Ryst

Many banking companies have developed wealth management assets by targeting niche groups like professionals, women, and African-Americans, but observers say they are missing one particular niche: Hispanic-Americans.

Rich Rodriguez, a native of Mexico City who is forming his own bank in Oxnard, Calif., says he has had offers to move his accounts into a private bank, but no wealth management provider has targeted him specifically as a Hispanic-American.

"If they approached me as a Hispanic, it wouldn't offend me," he said. "I'm proud that I'm Hispanic."

Nearly 12% of the nation's 22 million Hispanics had \$50,000 or more of income in 2006, and 40% had \$20,000 to \$49,999, according to the Pew Hispanic Center.

Fiserv Inc., which provides information technology services to financial services firms, said it does not know of any banks that offer wealth management products and services targeted specifically to Latinos.

The vendor said it does have clients that cater to Hispanics, but many of them are community banks that do not have substantial investment services. Clients that do provide wealth management typically offer it to all kinds of Americans, including Hispanics, it said.

Banks that once catered to Hispanic communities, including Security One Bank in Falls Church, Va., Libertad Bank in Austin, and Oasis Bank in Houston, have started targeting a wider variety of clients in the face of a challenging environment for the financial services industry.

Many Hispanic-Americans invest with Banco Popular North America, a unit of the Puerto Rican company Popular Inc. that provides investment services such as retirement, college, and estate planning.

The bank says it does not target its investment services business solely to Hispanics, who make up around half its customer base.

"Our customers are so diverse" they range from Koreans to Poles, said Juan Carlos Cruz, a spokesman for Banco Popular. "We're dedicated to each group."

National City Corp. has positioned itself for many years as a "Latino-friendly" company by taking steps such as advertising its banking products in Spanish. The Cleveland company also provides investment services such as retirement and college planning, but it says those are not targeted specifically at Hispanics. "We do try to push those products to individuals who are ready for them," said Carlos Fuentes, the vice president of affinity group marketing at Nat City. "That's not unique to the Hispanic population."

Some say banks could create investment products specifically designed for Hispanics.

Dan Hudson, the chief executive of the Dallas consulting firm NuBank Group, says the family-oriented Hispanic community would respond well to the concept of college savings plans, for example. Also, a mutual fund with a low threshold to initial investment might interest some Hispanic-Americans, he said.

The first step would be to teach people, including Hispanic-Americans, how to use the bank for things like wealth management, Mr. Hudson said; the second would be to help them invest.

Plaza Bank in Seattle is one of the many community banks that have sprung up in recent years to serve Hispanic-Americans. However, it does not offer direct investment products to its customers yet, and it says it has not determined when it will start doing so.

Carlos Guangorena, the two-year-old bank's chief executive, said his loan officers give financial literacy classes in Spanish at least once every few months. Sometimes they talk about the basics, like how to open a checking account or establish credit, but they also have seminars on more ambitious things like how to develop a small-business plan.

"Part of our mission is not to just offer products, but to educate people," Mr. Guangorena said.

Most community start-ups initially offer basic products like loans, certificates of deposit, or money market funds, since they lack the resources to offer more sophisticated things like wealth management services.

Santa Ana Business Bank in California started up only months ago, and it does not provide any wealth management services yet. Alfredo Amezcua, the bank's chairman, said it could start up a trust department within the next five years. "That's ambitious, but I think we can get there."

The bank focuses on providing loans to Hispanic business owners in central Orange County, Mr. Amezcua said. He dreams that someday those entrepreneurs will turn into wealth management clients.

Mr. Rodriguez owned a consulting practice for 16 years and was a senior vice president at Security Pacific Bank before BankAmerica Corp. bought it in 1992. Now he is getting ready to launch BancoBuenaVentura, a unit of FinancieraBuenaVentura Inc.

He said he is still waiting for the final approvals, but he expects to open BancoBuenaVentura within a month. Eventually he hopes to hire someone who can head up a wealth management department.

"Our hope is to serve all facets of the population, regardless of economic status or gender or age," Mr. Rodriguez said. "There's a number of affluent people who can become high-net-worth with some help. That's what we hope to do."

He does not expect to develop a trust department for the first few years, he said, and his bank would have to partner with other companies to provide the necessary services.

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