

Hispanic Bank Marketing

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Market Trends

Interest Growing in Local Hispanic Bank

Dan Hudson, a bank consultant behind the recent organization of T Bank in North Dallas, said he's getting inquiries from Latino entrepreneurs interested in launching their own banks -- including one group in South Dallas that could open for business next year.

"They're at the point of getting comfortable with one another, making sure all their goals and objectives mesh," said Hudson of the South Dallas group of six Hispanic business people, including two currently employed as bankers. Hudson declined to name participants for concern their current employment might be jeopardized.

Hudson said at least six groups in other parts of the state have approached his San Luis Obispo, Calif.-based Bankmark consultancy about pitching investors, recruiting executives and obtaining federal regulatory approval for Hispanic-owned banks.

Floria Singer, president of the Hispanic Bankers Association in Dallas, said members have been talking for a year about organizing a Hispanic-owned financial institution. "You'd be surprised to find out how many executives and wealthy Hispanics there are out there," she said.

Hudson's Bankmark offers soup-to-nuts guidance for groups of several hundred investors to get charters and to open publicly traded banks. Hudson said recent visitors to his Web site, www.startabank.com, suggested a surge of interest from the Texas Hispanic community in forming a bank.

Latino business owners want more control over their financial destinies, like any other entrepreneurs, Hudson observed. "The traditional community banker has not embraced the Hispanic community yet," he said. "Many of them don't want to see (Hispanic customers) in their lobby. That's not the market they serve."

There are about 9,000 banks in the United States today, and 167 are categorized as minority-owned (with 51% or more of voting stock owned by minority individuals), according to the Federal Deposit Insurance Corp. Of those, 35 are owned by Hispanics, 47 by African-Americans, 65 by Asians or Pacific Islanders, 18 by Native Americans and two by multi-ethnic groups, the FDIC said.

Nineteen of the 167 minority-owned banks nationally are located in Texas. Three of them -- United Central Bank in Garland, State Bank of Texas in Irving and First International Bank in Plano -- are located in the Metroplex.

Gary Hardin, president of Hardin Mortgage Co. Inc. in Addison and former president of Oak Cliff's Trinity National Bank until it was bought by Bank One in the 1980s, said he may invest in one of the Hispanic banks contemplated by Hudson's investors.

"I'm not looking to make a fortune, just to get the right people in there," said Hardin. As a former executive in local Rotary and Lions Clubs and a past chairman of the Oak Cliff Chamber of Commerce, Hardin said he knows Hispanic communities and monied interests that could help a Latino bank recruit talent and capitalize appropriately.

Relationships key

Capital is the main reason Hispanics haven't organized more banks to date, said Edward Rincon, Ph.D., president of ethnic markets research firm Rincon & Associates in Dallas.

Cubans organized banks in Miami with wealth they secreted out of the country following the 1959 revolution, and Asians have opened a number of banks in California, Rincon noted. By contrast, he said, most of the Dallas-Fort Worth area's Latino population comes from relatively poor Mexico.

Rincon said a new local Hispanic bank would attract attention, but success would depend on building relationships.

"It would be a significant opportunity for an institution that is not only Hispanic-owned but is Hispanic-friendly," he said, "because Hispanic-owned is not automatically going to translate into Hispanic-friendly."

Scott Alaniz, associate director and bank analyst at Sandler O'Neill & Partners L.P. in Atlanta, agreed that ethnic ownership is no guarantee of success. "You have to be good bankers first," he said. "The great preponderance of banks tend to ... be organized around business lines (more) than any particular demographic."

Hudson said he's already advised Hispanic investors to concentrate on the essentials. "Don't hang a minority bank tag on it," he said.

"Everything else is like forming a regular bank."