

# Banking on Directo a México: LCCU helps families build bridges and formal banking relationships on both sides of the border

Last year, Latino Community Credit Union (LCCU), based in Durham, North Carolina, was the first credit union in the country to sign up for Directo a México—the bilingual marketing program offered jointly by the Federal Reserve Banks and their central banking counterpart in Mexico, Banco de México. The Directo a México program helps LCCU promote the use of FedACH International Mexico Service for a fast, low-cost and convenient cross-border payments service that is designed to be secure. “Directo a México is an easy and efficient remittance service for our members,” said Angel Romero, director of marketing at LCCU.

For LCCU, offering an easy and efficient remittance service to Mexico was a natural fit for its customer base. The member-owned, non-profit credit union reports that 95 percent of its members are Latino. In response to a wave of robberies and muggings that targeted Latino immigrants in Durham, LCCU was founded and chartered in 2000, explained Vicky Garcia, LCCU’s director of operations. Since its founding, growth has been explosive. Now, with five branches in North Carolina, LCCU serves nearly 50,000 members and has assets of \$43 million (representing 9,300 loans). “By focusing on providing bilingual, bicultural, affordable financial services to its members, LCCU has become the fourth largest community

development credit union in the United States in six short years,” said Garcia. It is, without a doubt, a story of success.

### ***In the FedACH International Service spotlight:***

### **Latino Community Credit Union (LCCU)**

Established: 2000

Headquarters: Durham, North Carolina

Other locations: Charlotte, Fayetteville, Greensboro and Raleigh

Assets under management: \$43 million

Customer base: LCCU offers a full range of financial services to its nearly 50,000 members, 97 percent of whom are minorities.

### **Getting the word out**

Supported by the Directo a México campaign materials, LCCU actively marketed its Mexico Service to current and potential members using a monthly statement newsletter, color brochures at branches and community events, and press releases in English and Spanish. “The Spanish language press release was distributed to Spanish-language media and got front page coverage in some cases,” noted Garcia.

However, LCCU did not target Mexican immigrants exclusively. “Anglo-Americans sometimes retire in Mexico and use ACH services to receive pensions and other sources of retirement income,” explained Garcia.

Banco de México reported that the amount of funds transferred from the United States to Mexico reached \$23 billion in 2006—with further growth expected, based on population trends. In the past, the remittance market has been dominated by money transfer organizations; U.S. banks and credit unions accounted for no more than three percent of the market. Since 2004, the Federal Reserve Banks have actively worked with the Banco de México to offer competitive foreign exchange rates for payments between the countries.

## FedACH

### Helping to create a positive banking experience

“To make Directo a México affordable and highly competitive, LCCU charges a \$3 flat fee, regardless of the amount transferred,” explained Romero. Furthermore, the receiver in Mexico receives a highly

“Directo a México helps our members do all their financial transactions in one place, and then send money to their families in Mexico.”

Vicky Garcia, Director of Operations  
Latino Community Credit Union

competitive daily foreign exchange rate, which is included in the Directo a México program, regardless of the amount. The daily foreign exchange rate is based on the official foreign exchange rate determined by Banco de México, less a percentage spread.

Garcia reported that LCCU customers are “very satisfied with the service.” Their satisfaction shows through repeat usage. “We have several members that

use the service every week to send money to their families in Mexico,” she added.

“By bringing remittance customers into the banking system, Directo a México is helping families to create wealth, as well as creating formal banking relationships on both sides of the border,” stated chief executive officer Luis Pastor.

### Banking benefits on both sides of border

Through a collaboration between the Federal Reserve Banks and Bansefi (a government-owned development bank in Mexico), Bansefi enables U.S. financial institutions to pre-open bank accounts for beneficiaries at more than 500 locations throughout urban and rural Mexico. These bank accounts are pre-opened online through the innovative Beneficiary Account Registration (BAR) Web site. Beneficiaries then have 10 days to formalize the account and receive their money.

“Members see it as an added benefit since most of their family members do not have a bank account in Mexico,” said Garcia. With Directo a México, “These benefits provide convenience and allow members to save more,” she added.

### Need more information?

To learn more about the FedACH International Mexico Service, contact your District FedACH Sales Specialist or visit [www.frb services.org/Retail/intfedach.html](http://www.frb services.org/Retail/intfedach.html).

## Back Office Conversion is here

On March 16, 2007, a new NACHA rule took effect that provides an additional check-conversion option to businesses and financial institutions. The rule implements a new Standard Entry Class (SEC) code known as Back Office Conversion (BOC), which enables businesses to accept eligible paper checks at the point-of-purchase or at a manned bill payment location and then convert those checks into ACH debits in the back office, processing them electronically for increased efficiency.

To help your institution and its customers learn more about BOC, the Federal Reserve Banks have launched an online resource center with valuable information, including the benefits of BOC, comparisons to other check-conversion options and templates for financial institutions, as well as links to other industry resources.

To access the Federal Reserve’s BOC Online Resource Center, visit the FedACH Services section of [www.frb services.org](http://www.frb services.org). Additional information is also available at [www.electronicpayments.org](http://www.electronicpayments.org).

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