

STRATEGY #8

Embrace Diversity

As stated by the U.S. Census Bureau, Generation Y is the most ethnically diverse generation in history. According to the United Nations, “more people than ever are living abroad: in 2013, 232 million people, or 3.2% of the world’s population, were international migrants, compared with 175 million in 2000 and 154 million in 1990.” Accordingly, product design and delivery must be tailored to a variety of different communities, as shown in the following examples from Australia and ethnic neighborhoods in New York:

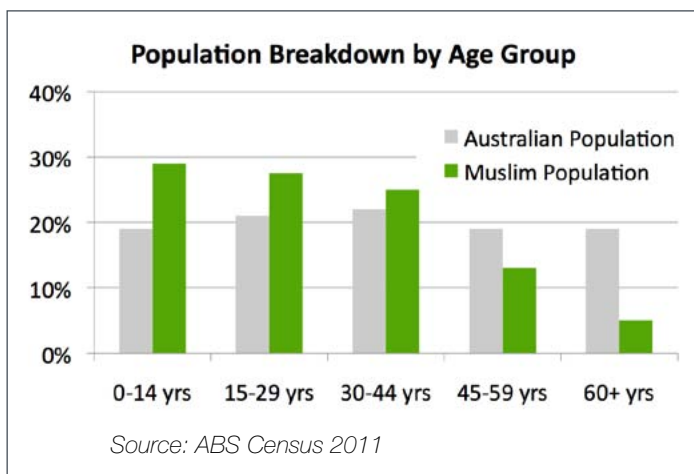
INCLUDING ISLAMIC FINANCE

Australian credit unions and mutuals have recognized an opportunity to serve the growing Muslim population under age 30. The Customer Owned Banking Association (COBA) advises its affiliated credit unions to consider applying the Islamic Finance principles and providing appropriate staff training to reach young Muslims. Islamic Finance principles do not approve of interest-based banking instead advocating their replacement with the profit-sharing concept of

Mudarabha, a relationship in which the investor contributes capital and the other party contributes expertise to earn a profit. To COBA, “Islamic Finance makes business sense and is something that large banks already offer.”



Generation Y is the most ethnically diverse generation in history.



COBA’s tips for successfully adopting Islamic Finance include:

- Ensure that products meet all laws and regulatory requirements.
- Obtain product endorsements from leaders in the Muslim community.
- Provide staff training and technology that support these precepts.

Download World Council’s *Islamic Finance Manual: Operating Policies and Procedures for Credit Unions* at www.woccu.org/operations.

ADAPTING TO THE NEEDS OF IMMIGRANTS

Polish & Slavic Federal Credit Union (PSFCU) formed to serve New York City’s Polish & Slavic immigrant communities, many of whom have limited experience with banks and encounter cultural and language barriers. Immigrants also tend to be younger than the native-born population.⁶

⁶ United Nations, Department of Economic and Social Affairs (2013).

To serve immigrants, PSFCU offers low-cost international remittances, and its new products include accounts for undocumented immigrants and temporary residents. Bogdan Chmielewski, PSFCU President & CEO, believes that, “Credit unions are in a better position to serve immigrants. We’ve been doing it for 40 years and the key to our successful growth of 80,000 members is to constantly evolve, while staying true to our roots.”

The need for PSFCU to respond to change is as clear as ever. While Polish-speaking credit union staff was a major attraction in the 1970s—that is no longer the case. Polish-Americans are spreading out and moving to new geographic areas as they integrate into society. Young immigrants are more educated and technologically sophisticated than previous generations. Today, PSFCU continues to hire employees fluent in Polish, but it has adapted to changing market needs by introducing convenience through mobile banking, remote deposit capture, expanded ATM networks, extended branch hours, merchant services for businesses and student loans.

REACHING INDIGENOUS POPULATION

Indigenous Australians are much younger than the rest of the country’s population, with an estimated median age of 21 years.⁷ Traditional Credit Union (TCU) made it their mission to offer basic financial services to the indigenous people. It is a challenging task, as it requires working in particularly remote communities with low literacy and numeracy skills and limited employment opportunities.

While banks have abandoned these disadvantaged areas, TCU opened 15 branches in the Australian northern territory. Their success lies in designing products specifically tailored to the indigenous culture, as well as in leveraging broad community, government and NGOs support. TCU focuses on the well-being of the community and financial counseling, which is a key component of their agenda to build their members’ financial independence. Because many members are low-income or on welfare, the credit union only offers small personal loans of up to \$5,000, and works with government grants to fund staff salaries. TCU has also adjusted their recruitment and staff training practices to match the needs of their employees who are 85% indigenous. A voluntary board of directors governs TCU and consists of five indigenous and five non-indigenous members.



Traditional Credit Union serves Australia’s indigenous population by offering products that are mindful of the indigenous culture and community needs.

⁷ “The health and welfare of Australia’s Aboriginal and Torres Strait Islander people.” Australian Institute of Health and Welfare, 2011