Research Objectives

• Understand CDFIs’ perceptions and understandings about existing and potential customers within their target markets.
• Gain knowledge from CDFI loan funds, CDFI credit unions and CDFI banks on current marketing practices and tools.
• Assess awareness, attitudes and current experiences of CDFIs within their individual communities.
• Identify current marketing tools that CDFIs consider most effective.
• Understand CDFIs’ marketing and messaging needs to guide the creation of a unified value proposition.
Research Methodology

• Criteria for selection of participants:
  – Members of OFN that provide significant consumer financing, defined as: credit extended for personal (secured and unsecured) loans to individuals for health, education, emergency, debt consolidation, transportation and other consumer purposes.
  – Other certified CDFI banks and CDFI credit unions

• Total of 16 interviews – a) 8 CDFI loan funds; b) 5 CDFI Credit Unions; c) 3 CDFI Banks

• Telephonic in-depth interviews (IDIs)
  – 45-minute scheduled interviews

• 13 geographic markets
  – NY, MI, OK, DC, AR, TX, RI, VA, MO, CA, SC, MN, NJ
Executive Summary

• Majority of CDFIs confirm that their potential customers have no knowledge of what a CDFI is.

• CDFIs explain what they do in different ways. Descriptions vary when describing their products and services to diverse audiences.

• CDFIs place a much higher value on referrals from community, family and friends than they do mainstream banks.

• Establishing long-lasting community and customer relationships is priority for all respondents, yet there are unique differentiating factors between the CDFI banks, loan funds and credit unions on how best to build this base.
Executive Summary

• All participants are passionate about being a CDFI and changing the lives of potential customers but they have limited resources. Respect and high value is placed on OFN to support and assist CDFIs to meet their needs.

• The definition of a CDFI varies across all types of CDFIs yet all share the common message that potential customers need to hear and understand the CDFI story.

• Online benefits and tools for banks vs. loan funds and credit unions are different in meeting their current needs for attracting customers.

• There is no difference in how all CDFI participants (loan funds, credit unions, banks) in the study identify consumer-focused products.
Executive Summary

• National branding support of the CDFI story was expressed by many in the study. In comparison, the quantitative consumer survey shows that 52% strongly agree that the national reputation and brand is very important.

• All participants rank videos as primary online and social media tool to tell their CDFI story – e.g., :15-second video, YouTube video.

• Majority emphasized need for customized in-house resources that are easy to adapt and use.

• All praise the value of word-of-mouth within the community and are consistently challenged to find better ways to turn it into business.
Awareness of CDFIs
Unaware → Familiar → Not Familiar

- Majority of CDFIs say that their potential customers have “no awareness at all.”
- CDFI banks experience some awareness on the commercial loan side.
- CDFI loan funds felt new customers had little to no familiarity with loan process.

  – “#1-we need to begin to market ourselves.” – CDFI credit union
  
  – “A little. We encounter all along the lender spectrum and try to be there where people don’t have the knowledge.” – CDFI loan fund
Word of Mouth Proves Successful for CDFI loan funds and CDFI Credit Unions

• Majority of CDFIs believe consumers learn about them through word of mouth (WOM).
• WOM, as defined by participants, are community-based relationships that are generated through personal contact among friends, family, staff, community events and partners.
• CDFIs agree that WOM referrals, contacts and relationships consistently deliver business and build trust.

  – “WOM-mostly when we go out and talk with them and we have a diverse staff of people of color to have them trust us.” – CDFI loan fund
  – “WOM is the best for referrals. People who have been here, friends and family members who are excited to spread the word.” – CDFI credit union
  – “Traditional way - “WOM” experience - it is exceptional and establishes relationships and positive stories that carry down what we do.” – CDFI loan fund
CDFI Banks Build Awareness Differently

- Don’t rely on WOM to build relationships and business in the communities they serve.
- Strategic partnerships and business networks are important alliances for banks to build referral bases that potential borrowers trust.

  – “Community (institutional) relationships is where we build peoples’ trust.” – CDFI bank
  – “Outreach events, advertising in trade publications, partnerships, small business development, chambers of commerce, group functions.” – CDFI bank
  – “Go to neighborhood institutions, referrals, partnerships with non-profits, shoe to leather way and events.” – CDFI bank
Mainstream Bank Referrals

• General opinion among CDFIs is that mainstream banks don’t understand the CDFI mission.
• Somewhat of a mixed cross-section of how reliant CDFIs are on bank referrals and relationships.

  – “Don’t have a referral relationship. Banks don’t understand what a CDFI is.” – CDFI loan fund
  – “Don’t rely on it. We do get some of that. They are not interested in servicing the customers we serve - the underserved.” – CDFI credit union
  – “Small percentage. Their client base is not necessarily the same client base.” – CDFI bank
  – “We rely a lot, we get customers that did not meet their financial support.”
    – CDFI credit union
  – “We work with much larger regional banks. They see the benefit of working with CDFI’s, though we don’t rely on it. We have strategic partnerships.” – CDFI loan fund
What Do You Do?

- Defining what CDFIs do depends on who they speak with – borrowers, investors, community stakeholders.

- Little to no continuity in how CDFIs describe themselves to potential customers and stakeholders.

- Almost half of participants highlighted the importance of being a lender that is known for its social impact and alternative to a traditional bank.

  - “Talk about being social enterprise using business as a source for “Do Good.”” – CDFI bank

  - “Describe alternative financial services organizations. It’s just not a community lender struggle. People understand banks; they don’t understand non-profits that look like a business.” – CDFI loan fund

  - “We are a different kind of bank. “Wealth Builders for everyone.”” – CDFI loan fund

  - “We talk, we walk like a bank but we are not a bank. We make our decisions locally; not like bigger banks. We tailor to your needs and look for wins for the customer.”

- CDFI credit union
CDFI Consumer Advantage
Consumer Products & Demand

Majority of the CDFIs define and consider the same products to be their consumer products. There was no difference:

- **Auto/Car Loans**
- Credit Building
- Mortgage
- Home Equity/Improvement
- Debt Consolidation
- Checking and Savings
- Unconsolidated Loans
- Unsecured Credit Cards/Loans
- Energy Home Improvement
- SBA

All have identified **Auto/Car Loans** as the product that has been most effective and in demand by the consumer borrowers.

- “Auto loans are very well received and have expanded new loan products.” — CDFI loan fund
- “Car loans, due to transportation challenges; helps people get access.” — CDFI loan fund
What Customers Cared About the Most

All of the CDFIs felt customers cared the most about:

- Length of time
- We listen
- Speed
- Close quickly
- Knowing the terms
- Money
- That we say yes
- Convenience and efficiency

- Good Rates
- Approval
- Pay day (customer’s pay date from lender)
- Monthly payments
- Relationship based

— “That we say yes! Low scores, you’re not just a credit score. We’ll give people a second chance and more opportunity.” - CDFI loan fund
Characteristics of a CDFI

Most of the CDFIs experienced having a relationship with their lender as being the most important characteristic customers look for in personal banking:

- "Value of the relationship. Know that there are trustworthy people; not to feel intimidated. To have a relationship with the bank will give WOM referrals."
  - CDFI loan fund
- "Do good status. Come to us because we are doing good, relationship banking."
  - CDFI bank
- "Try to work with our members. Try to say yes and ensure to make them bankable; improve their credit score with a personal touch to get them approved."
  - CDFI credit union
- "We are one of their family. We are family...we are Native."
  - CDFI loan fund
- "The ability to trust and communicate with your lender, quality information and quick answers."
  - CDFI bank
- "Relationships, frankness, brass tacks. What’s the problem individually-one-on-one; value proposition relationship."
  - CDFI loan fund
Marketing Resources
The Interactive Media Connection

• Facebook is the social media outlet most used by CDFI customers. Twitter ranks second.
  1. Facebook
  2. Twitter
  3. Instagram
  4. YouTube
  5. LinkedIn

• All participants value benefits of their websites. Most feel they need much more deliberate and integrated marketing plans.

• Most participants feel their websites provide easy access to products and services, but generate few leads.

  — “Websites can only do so much without a general marketing advertising campaign and targeted billboards to help market and advertise products and to drive customers to the site.” — CDFI loan fund
The Interactive Media Connection

- CDFIs feel that there is not enough support on branding CDFIs nationally and at a community level.
  
  - “First robustly, explain what CDFI means. Have a learn page. Devote more website space.” – CDFI loan fund
  - “We market our CDFI work. We grant organizations to promote CDFIs. We have a technical panel that promotes the work and talks about the marketing team and events to bring awareness...” – CDFI bank
  - “We have a social responsibility; what we are doing in the back end with the community. Those personal stories tell why we are different.” – CDFI credit union
  - “Letting more people know that there is an alternative to banks, so banks can refer us to consumers.” – CDFI credit union
CDFI Banks Web Point of View

• All bank participants see high value in maximizing the website as a learning and measurement tool.
• Have the resources to measure results more frequently than the other CDFIs in this study.
• Being competitive and knowing competitors are critical vantage points.
• Consistently seeking innovative methods to move away from being a static website.

  – “Ok job. There is a lot of opportunity for technology and machine learning. We need to target the message better than a static website.” – CDFI bank
  – “Appeal to people with real easy technology. Having a mission-based bank. Helping them (customers) feel good about where their money is going…” – CDFI bank
  – “All of the banks draw people... from the bigger banks to check cashing because they offer long hours/open late, quick/easy access and the other services we don’t.”
    - CDFI Bank
CDFIs and the Web

- CDFI loan funds and credit unions are extremely concerned with how CDFIs are perceived and being promoted in the community.
- Promoting banking through social responsibility was very important in differentiating them from traditional banks.
- Majority feel that increase in education and social awareness in the community about CDFIs would help break down barriers and open up more opportunities to help those intended for financial success.

- "Let people understand what makes us different. What we (CDFIs) are doing gives us a competitive advantage. How really to explain the value added to differentiate ourselves from traditional banks. What makes us unique and why." - CDFI loan fund
- "We need some help as an industry. We don't know how to tell the story! We don't understand the different audiences we have to talk to." - CDFI loan fund
- "What does the public know about CDFIs? We are so busy we don’t go to the community to tell them how and what it is we do. I just got rewarded grant money. How are we letting the community know about the grant money? Let the community know what the CDFI is and how it is doing the good that it is.” – CDFI credit union
- “I don’t think CDFIs resonate at the consumer level. Approving people who are left out and we are known as the ‘poor peoples bank’ - this is a challenge. We are here for you; we have a stigma of being a ‘poor peoples bank’ first; then you go to a real bank.” – CDFI credit union
The Missing Link

• Most of the CDFIs say lack of technology and website resources prevent them from effectively attracting and engaging consumers online.
• Majority of participants attributed the technological limitations to budget challenges.
• All ranked the following online resources as tools that would enhance their potential borrower’s online experience:
  – How to videos (“that are interactive”)
  – YouTube videos
  – On-line loan applications
  – Geographical and cultural photos
  – Testimonials that are “browse able”
  – Links to bank accounts and other resources
  – Social media calendar
CDFIs had uniquely different perspectives from banks when sharing their best practices for marketing their products and services.

**Marketing Tools that Work Best**
- **WOM (Word of Mouth)**
- Facebook
- **Networking/Face-to-Face**
- Partnerships
- Events
- Website
- Radio
- Billboards
- Newsletters
- Brochures
- Flyers
- Direct Mail
- Print Media (local magazines and targeted newspapers)

**Marketing Tools Wish List**
- Video Content
- YouTube Videos
- E-Blast Scripts
- Community Billboards
- Social Media Calendar
- Social Media Posts Templates
- Pictures
- Advertising budget
- Go-To Meeting (for CDFI network mtgs.)

— “Email blasts; and get much more sophisticated good billboards would help.” – CDFI credit union

— “Advertising budget. We are competing with so many players. There is a lot we can learn from Pay Day services. More insight on how they market would help.”

– CDFI loan fund
CDFI BANKS

Marketing Tools that Works Best

• Trade Shows & Associations
• Referral Finance Partners to Non-Profits
• Employers Direct to Consumer (One-on-One)
• Community Events

Marketing Tools Wish List

• Website Support and Maintenance
• Collaterals
• New Campaign
The Ideal Marketing Toolkit for CDFI Loan Funds and CDFI Credit Unions

Most recommended standardized marketing vehicles and customizable collateral materials. Many have designated marketing staff or outsourced contractors.

- Toolkit link w/resources*
- YouTube Videos*
- In-house resources*
- Re-branding logos
- Presentations
- TV Spots
- Strategic Billboards
- Direct Mail
- E-Blast

- Radio (15 & 30sec); Targeted Programs (Urban)
- Technical assistance and SEO
- Customizable flyers
- Press releases & Advertorials

*Top 3

- “It would be helpful if we had some off-the-shelf marketing materials. Like plug-ins and tailor to each market in multitude to underscore our local branding”
- CDFI loan fund
- “Some pre-made flyers with our logo, name and consumer loan fund on it.” – CDFI loan fund
The Ideal Marketing Toolkit for CDFI Banks

- Banks would like to integrate a more personal history about their financial institution.
- Banks believe in the value and need of defining the CDFIs in various components of their toolkits.

Banks’ Ideal Toolkit:
- **History of the institution**
- **CDFI Video**
  - “History of the institution and its impact to the community. Show the intrinsic value in shaking a banker’s hand.” – CDFI bank
  - “Video about being a CDFI that talks about the strength of the CDFI and how we look and smell different than the Wells Fargo’s; learning to share our learning. Have more CDFI stories and social content.” – CDFI bank
What Can You Do For Me?
The CDFI’s Elevator Pitch

• Summing up the CDFI 2-minute elevator pitch was easier for some more than others.
• Some CDFIs ask standard banking customer service questions to learn more about the potential customer and to explain what they do.
• Many place their value in meeting customers’ needs on a much more personal level.

  – “We are wealth builders for everyone, you might not be bankable but we’ll make you bankable.” – CDFI loan fund
  – “We work totally to change lives and build you financially, we change lives and create opportunities.” – CDFI loan fund
  – “Have you had some challenges? We are not a pay day lender and if you’re used to being told NO, we are a safe place to go.” – CDFI loan fund
  – “Quality products with superior customer services is the answer to that.” – CDFI bank
Most Important Message Points

All participants consistently look for ways to personalize their messaging to make it all “about the customer.” CDFIs want the customer to feel the experience is a personal and trustworthy one that would extend throughout their entire loan relationship.

- Trust
- Social Responsibility
- Quick turn-around
- Fairness
- Differences
- Increased Assets, Access to financing to Address poverty through credit score enhancement
- Have to be a partner
- Here to be your financial advisor
- Not judging them

- Self esteem is very important with borrowers
- Knowing they have access
- Pricing
- Cultural sensitivity
- Building financial capacity
- Role model
- Giving back
- Affordability
- Sustainability

“We can save money. We care about the community and are active in the community. Welcoming people who are low income and have no assets can be intimidating.” – CDFI credit union
Share Your Thoughts

“Our biggest push should be telling our stories. How our programs and services are changing lives. Putting that out there to help each other—medicine wheel balance.”

“We put the person first, transaction personified. We don’t take a clinical perspective. We talk to you as a person for a holistic financial approach.”

“We need some help as an industry. We don’t know how to tell the story We don’t understand the different audiences we have to talk to. Customers want to know personal benefit – ‘what can you do for me.’ We work totally to change lives and create opportunities.”

“There are a lot of public servants that do not know what CDFIs do. House and Senate members, pre-conference and ribbon cutting; we need to advocate nationally. Contact your congressman and mayor - let them know about closing a note on a home loan and get involved.”

“We need to collaborate with each other.”