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Scholarship Application
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Clayton New Mexico Credit Union Branch

Proposal

I propose to open up a mobile branch of U.S. Eagle Federal Credit Union in Clayton, New Mexico to help their community and extend membership reach into northern New Mexico. U.S. Eagle has been a strong supporter of New Mexico for over 80 years and expanding their services into the communities that need it most would help the residents better their financial futures.

Clayton, NM

Clayton is a small town located in Northeast New Mexico. They have a population of less than 3,000 people with demographics ranging from Hispanic, white, and Native American. Clayton is an extremely impoverished town with a poverty rate of 25.0%. Their average income is \$18,000 annually, which is \$10,000 less than the U.S. average. Half of the residents earn a high school diploma and only around 10% have a college degree. The top job markets are agriculture, small business, retail, and the healthcare industry. Clayton has two banks and more than five title loan lenders which may often be considered predatory given their high fee and interest rate structures. Clayton New Mexico would truly benefit from the services a credit union could offer to their community.

Reasoning

A credit union would be an asset to a rural community like Clayton because they could not only supply affordable, non-predatory loans to locals, but they could potentially increase the overall financial literacy in the area given online tools such as US Eagles' Financial Wellness Center and other joint ventures with local schools and hospitals. A large percent of the population of Clayton has only a high school education, or less. Having a trusted resource to become educated on future financial success would be beneficial to the community. U.S. Eagle provides the tools to learn and understand how to better prepare for your future and plan for a more financially stable life. Education about the financial world is critical when trying to improve credit scores. A credit union is able to teach and educate on how to better care for your money. As this is a high priority for U.S. Eagle, opening a branch in a town like Clayton would be worthwhile for the community members. One of the hardest financial issues to overcome is the lack of access to credit. With a credit union available to provide loans and financial literacy, it would help to get the people of Clayton into a more stable position and allow them to have better access to loans in the future. As a credit union, one of the most important values is to be connected and support the community. U.S. Eagle is the oldest credit union in New Mexico which makes them ideal for understanding the hardships that rural community members face, and how to overcome them.

Services

In a town like Clayton, they likely do not have access to Credit Union resources that are common in an urban area. I propose opening a mobile branch given its low start-up costs and quick and simple setup. Opening a mobile branch would bring those resources to them. Not only would the mobile branch have free consultation and education, but they would be a resource for community members to get access to loans, checking and savings accounts, credit cards, and an ATM that would be included with the branch. This would be the only credit union in Clayton and having a financial institution that values its community members would be crucial to improving the poverty level. Often in a place with a poverty level similar to Claytons, these services are not being taken advantage of. In places of low income, money is not stored in an account but rather hidden or kept in individual houses. With a credit union, they would be able to properly store their money in a trustworthy place and even earn interest on it. One of the top job markets in the area is agriculture. The branch in Clayton would have information on agricultural loans and how they would be helpful to farmers. Credit unions are not often the first thought when farm businesses are in trouble, but the Clayton branch would be promoting and marketing this alternative product. Other credit unions have started to work with farmers and have made loans that buy crops, machinery and equipment, invest in land, and even purchase livestock. This untraditional loan would be a huge benefit to a town that runs on agriculture. Not only would this branch help with agricultural loans, but it would be able to educate and help with the more common needs such as transportation and healthcare. Extending banking resources to the less populated areas in New Mexico will help expand financial literacy and potentially improve the financial wellbeing of our state as a whole.

Mobile Branch/Staffing

The budget for this project is \$1 million and it is a priority to use it to its full potential. Instead of buying or renting a building, I would open a mobile credit union. To purchase a mobile branch the costs range from \$200,000 to \$450,000. The mobile branch would be furnished with everything the credit union would need to best supply assets to the community members. This would include free wifi that would allow access to the internet and in turn their U.S. Eagle information. The mobile branch would be able to move around town and even reach audiences that would otherwise not be able to commute to an office building, such as retirement homes. Elderly or less mobile customers could make an appointment and the branch could potentially travel to the customer's place of business or residence. The truck would have an ATM installed and would be staffed with one branch manager and two tellers, with at least one bilingual in Spanish. By using a mobile branch, we would be able to accomplish providing services to Clayton and allow for minimal staffing and other needs to be cared for. This strategy allows the branch to be able to move around the town and gain access to a larger audience as well as serve as its own marketing, given that it would be wrapped in the U.S. Eagle logos. Staffing in such a

low populated place would be a struggle for an office building. A mobile branch would not require as many people. This also allows for the salary to be larger and more appealing to the people of Clayton. The average salary for a branch manager and teller are \$75,000 and \$35,000 respectively. This is easily covered in the budget and would be appealing to the community of Clayton, considering their low average income.

This is a favorable option not only for the financial aspect. Clayton is populated with roughly 3,000 people and new businesses are hard to keep afloat. If need be, this mobile credit union could be relocated to another area and U.S. Eagle would not have lost money on an investment for a building. Given the budget of \$1 million, U.S. Eagle would potentially be able to begin duplicating the Clayton model in a second location and still be within the budget.

Another option for a mobile branch, would be to have a single branch that serves not just one community, but serves several communities within a region of our state. For example, a mobile branch could be assigned to the northwest region of the state and follow a schedule to reach several small communities within that region on a weekly, or bi-weekly rotation. One of the downsides of trying to open a credit union in a small community, is that there may not be enough business in one community to justify a branch, however one branch that could serve several communities may justify and support the credit union.

Community/Marketing

New Mexico has a rich culture that revolves around a strong sense of community and partnership. This bond is even stronger in rural communities. When opening a branch, gaining the trust and respect of the community is pivotal. To better infuse this branch into the community I would work to partner with the local high school football team and the local hospital. Clayton has a very popular high school football team and getting a partnership with them would be one of the first actions taken. This partnership would include putting traditional branding in the school stadium and then offering a financial literacy course/classes to the students. This partnership could also extend to the entire education system in Clayton. As part of the marketing budget, the branch would provide basic school supplies with the credit union's logo, and also offer faculty appreciation with free breakfasts. This style of more grassroots marketing demonstrates trust-building as a partner and community member. Getting the youth of Clayton involved is very important for sustainable growth and another marketing technique would be to set up a matched savings account program. A savings account could be started with a \$5 deposit courtesy of U.S. Eagle for every student. If they participate in financial literacy classes and savings challenges, and could grow their account to \$100, the credit union would match that amount. Not only is this getting the students interested with a challenge, but then the students become members with a savings account and are working towards a lifetime relationship with the credit union.

The branch would also work with Clayton's hospital. Offering grants in return for posters and marketing in the building. It would be a great way to support Clayton and market the credit union. Alongside the two co-branding opportunities, this branch would also focus on table events. Typically a table event would cost \$500 for a space in the town fairs or markets. Having face-to-face conversations, as well as getting to know the community members, would go a long way for a small community. Understanding the people that the credit union would be servicing would help to provide better help to them. The budget for branding for this branch is \$50,000 and this would be able to cover radio, newspaper, and poster ads over town. These ads would not only showcase the typical services of a credit union but would push for education on how to care for one's finances. They would also target this community specifically and would promote agricultural loans. Although these are all helpful, this portion of the traditional marketing would be the first cut if the plan went over the budget. If the branch were to exceed its financial limits, letting employees go and reducing the partnerships and grants would be avoided. The branch would also avoid cutting the face-to-face marketing; in-person conversations build trust and relationships much stronger than radio or newspaper ads.

Summary

Accounting for a cost of \$450,000 for the mobile credit union and a total annual payroll cost of \$145,000, that leaves \$405,000 for marketing and any other expenses. I plan to spend \$50,000 on marketing accounting for the public school partnership and additional advertisements. That leaves \$355,000 to spend on grants with the hospital and any unaccounted for costs. The mobile credit union option helped keep my plan within the budget and left additional room for unpredicted costs.

New Mexico is filled with communities that lack the necessary resources. As New Mexico's oldest credit union, U.S. Eagle has already opened up ten new branches that span across four different counties. Continuing to expand and reach more remote locations in the state is important for our growth as a whole community. With areas that lack the education and knowledge for how to prepare for the future, and the saturation of predatory lenders, we are lacking as a state. Clayton is just one rural area that would greatly benefit from a credit union that seeks the best interest of each community member. Opening a branch that caters to societal needs and helps to teach the youth is important for the wellbeing of that community and the state. The Clayton model is a portable resource that can be duplicated and moved to reach many different areas in New Mexico, helping to improve lives one by one.