Inventing Products to Serve the Underbanked

Moderated by: Stacy Augustine, CU Strategic Planning
Panelists: Cindy Gribben, NATCO FCU; DeAndre Zachery, Shreveport FCU; Alycia Juvik, CU Strategic Planning
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Today’s Panel

- Cindy Gribben, CEO of Natco CU
- DeAndre Zachery, VP of Operations of Shreveport FCU
- Alycia Juvik, Director of Development Services, CU Strategic Planning
- Stacy Augustine, President, CU Strategic Planning
CU Strategic Planning

With headquarters in Tacoma, Washington, and satellite offices in San Diego, California and Raleigh, North Carolina, CU Strategic Planning provides consulting services to credit unions, credit union subsidiaries, nonprofits, and governmental agencies with a focus on providing CDFI certification services, grant writing, strategic planning, and consulting on various outreach products designed to connect organizations with their communities, and help them on their path toward world domination.

Natco Credit Union

- Chartered in 1945
- Headquartered in Richmond, Indiana
- Branches: 3
- Assets: $64,727,654
- Number of members served: 12,495
- Employees: 36 FT/ 1 PT

*June 30, 2012 numbers*
Shreveport Federal Credit Union

- Chartered in 1956
- Headquartered in Shreveport, Louisiana
- Branches: 8
- Assets: $93,854,853
- Number of members served: 21,019
- Employees: 58 FT/ 14 PT

*June 30, 2012 numbers*

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According to the FDIC:

- 28.3% of US households are either unbanked or under-banked.
- 20.1% are under-banked (24 million households)

*FDIC 2011 Survey*
What is “Underbanked”?

- Under-banked consumers have a checking or savings account and have used one of the following within the last 12 months:
  - Payday Loan
  - Pawn Shop
  - Rent-to-Own Service
  - Refund Anticipation Loan
  - Check Cashing Outlet
  - Non-Financial Institution Money Order
  - Non-Financial Institution Remittance

According to the FDIC:

- One-quarter of all households have used at least one Alternative Financial Service in the last year.
- 12% of households used Alternative Financial Services within the last 30 days.
- Nearly one-half of non-Asian minorities, lower income households, younger households and unemployed households are unbanked or underbanked.

*FDIC 2011 Survey*
What is a Credit Union?

- Cooperative financial institution where people conduct financial transactions
- Members pool their assets to provide funds for loans and a variety of other financial services
- Not for profit, not for charity, but for service.

A (Very) Short History

Our roots are in the cooperative movement.

In 1844 a group of weavers began the Rochdale Society of Equitable Pioneers, selling shares to raise capital to purchase goods at lower than retail prices, and selling the goods at a savings to members.

The original location of the Rochdale Society of Equitable Pioneers (now a museum and conservation area).
A (Very) Short History

The cooperative idea was exported to Germany where the first cooperative credit societies were formed.

Friedrich Raiffeisen is considered the founder of the credit union movement. He was instrumental in forming the first cooperative credit societies in Germany.

Friedrich W. Raiffeisen (1818-1888)

The credit union concept was brought to North America by Alphonse Dejardin in 1901, who operated the first credit union out of his home.

He continued to organize many credit unions in Canada. By 1914, there were 150 cooperatives.

Friedrich W. Raiffeisen (1818-1888)
A (Very) Short History

While traveling in 1907, Edward Filene discovered financial cooperatives operating in villages in India. Provided the vision and financial support that made the growth of credit unions possible in the United States. Personally contributed more than $1 million (that would be comparable to donating over $20.5 million today).

Edward Filene (1860-1937)

The Most Inspiring and Effective credit unions are found where great Philosophy meets good Business
Innovation comes from understanding the organization’s needs, the members’ needs, and the community’s needs and analyzing the gaps.

Innovators & Pioneers

- 1900s – First character based personal loan
- 1930s – First payroll deduction
- 1960s – First loans to women (in their own names)
- 1970s – First personal line of credit
- 1970s – First full service ATM network
- 1980s – First home equity line of credit
Innovators & Pioneers

- 1980s – First debit card and POS debit service
- 1980s – First educational savings plan
- 1990s – First online banking
- 2000s – First check imaging service

Vision Visa
Vision Visa

★ Where will you make your next large dollar purchase from?
   - Tax Return
   - Nest Egg
   - Savings
★ How can you see a dramatic increase in your credit score? We report your good credit status to 3 major credit bureaus
★ The result of which will get you:
   - Better Rates on loans
   - Saving you money on Auto and Home Purchases.

Tax Refund - Direct Deposited to Savings
Simplistic Features

- Immediate access to spending needs; while building long-term savings.
- Improved Credit Scores
- Shared Secured Revolving Credit Line
- Low APR of 10%
- Platinum Card – Offers user benefits and PRIDE

Re-Entry Program
Re-Entry Program

- Partnership with State Department of Corrections since 2008
- Provides Financial Education to inmates that are non-violent offenders and within 1 year of their release date
- Program is as basic as “Intro to Banking” and as advanced as First Time Homeownership Buyer’s Guide
- Inmates receive Graduation Certificates for participation upon completion of program requirements

Re-Entry Program cont...

- Credit union staff conduct the financial education training 6 hours weekly
- 1,470 inmates have graduated from this program and released back into our communities
- Recidivism rate of 90% in the Re-Entry program compared to the state’s rate of 48%
- The program is in high demand amongst inmates, there is a statewide waiting list to be placed into the program. Inmates are chosen to take part in this program, therefore conduct has improved within the penal system of Louisiana.
Re-Entry Program cont...

- That during the first year of release from prison the program intervention maintains a 89.3% success rate, with only one in every ten graduates of the program returning to crime;
- During the second year of release 75.6% of the program graduates were still in the community and had not returned to crime.
- In Year 5 of the program we are expanding to employment staffing services for ex-offenders.

Re-Marketed Vehicle Program

Second Look Auto Financing
Re-Marketed Vehicle Program

- Repossessed vehicles that are potentially a “write off” for the credit union are refurbished to good condition.
- Members that do not meet qualifications for traditional vehicle financing for one or more reasons i.e. (short term employment, credit problems within last 18 months, etc.)
- These are members that we have already said “no” to, but we offer this alternative financing program where the loans are closely monitored, vehicles have GPS tracking devices to help mitigate risk for the credit union, and it offers the member a reasonable loan rate compared to what’s available to the in the marketplace (15% compared to as high as 28%).

Healthy Food Financing Initiative

Shreveport Federal Credit Union Delta Division

and

Alcorn State University Extension Program
Healthy Food Financing Initiative – (HFFI)

The Delta Division of Shreveport Federal Credit Union in partnership with Alcorn State University Extension Program, developed a program in October 2011 under the Healthy Food Financing Initiative (HFFI), to help combat “food deserts” in the MS Delta region. According to data compiled by the US Department of Agriculture, there are eleven (11) counties in the MS Delta that qualify as “food deserts.” They are: Boliver, Coahoma, Humphreys, LeFlore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Warren, Washington and Yazhoo counties.

Food Desert

US Department of Agriculture, US Treasury and Health and Human Services defines a “food desert” as a census tract with a substantial share of residents who have little or no access to fresh fruits and vegetables, and little or no access to a local grocery store or affordable retail outlet in their neighborhood.
Healthy Food Financing Initiative

This program will provide loan funds to; expand small crop growers operations, establish healthy food markets, purchase equipment for harvesting and processing fresh produce and vegetables, buy trucks, tractors and other commercial farming equipment, develop and equip local grocery stores, and provide working capital to employ workers and expand businesses interested in the production, distribution and sale of healthy foods.

Healthy Food Financing Initiative

This program provides an investment into the small and rural communities that will create new jobs, new businesses and further economic business expansions.

From this initiative there will be a Farmer’s Market opening in Marks, MS that is expected to have a significant impact on the local economy.
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Home of the Future Delta Farmer’s Market
Natco’s Community Empowerment Center

First Voice

Save the Date
May 14, 2013
6:00 p.m. to 8:00 p.m.

First Voice Meeting
We Need You!
Your Voice Will Make a Difference!

We want to hear your thoughts on:
- what are the challenges in our community?
- what is needed to improve your quality of life?
- what solutions are needed?

Now is the time to make a change!

Register to attend
Take Our Survey
Questions?