

Core Banking and Needs of LMI Market

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ASI Mission

To strengthen the financial health of underserved communities through financial services and education

Vision

The elimination of poverty in all the communities we serve



About ASI

- ▶ Located in Greater New Orleans area
- ▶ Chartered in 1961
- ▶ Began with 10 shipyard workers who pooled \$10 each
- ▶ \$327M Assets
- ▶ 70,000 Members
- ▶ 13 Branches
- ▶ 166 employees



1996 - Low Income Designation - NCUA

1999 - Community Development Credit Union - NFCDCU

2005 - A Shared Initiative, Inc.(ASII) - formed Sister Affiliate

2006 - CDFI - Community Development Financial Institution



ASI and Technology

- ▶ Core System - Critical Dependency
- ▶ ASI Board - “Leverage Technology”
 - ▶ Automating work processes/workflow
 - ▶ Improving to track/report on data
 - ▶ Using data to drive decisions
 - ▶ Measure impact
 - ▶ Grow beyond sustainability to scalability

ASI-Recent Work

- ▶ Core System - FISERV XP2
 - ▶ BSA 2012-2013
 - ▶ 40-50% increase in use of system
- ▶ Other Solutions
 - ▶ Mobile App/Upgrade Online Banking
 - ▶ Research and Member Survey
 - ▶ Financial Management Platform and Budgeting

ASI-Recent Work

- ▶ New Website
 - ▶ Interactive - 15 Financial Calculators
 - ▶ 70+ Languages
- ▶ DocuSign - Electronic Signatures
- ▶ Pre-Paid Cards

ASI Current Products

- ▶ All products support LMI members
 - ▶ Consumer
 - ▶ Auto Loans - C,D,E Paper
 - ▶ Credit Card
 - ▶ Credit Builder LOC's
 - ▶ Payday Loan Refinance ("Freedom Loan")
 - ▶ Mortgage Loans
 - ▶ Various Mortgage Products
 - ▶ 2010 CDFI Grant - \$1M - Refinanced Sub-Prime Mortgages
 - ▶ Commercial Loans- ASI - ASII
 - ▶ Business Loans/Higher Risk up to \$250K- ASII
 - ▶ Business Loans up to \$2M - ASI
 - ▶ CDFI- HFFI Loans



ASI Current Products

- ▶ General Characteristics of Loans to LMI Members:
 - ▶ Non-Credit Based Products
 - ▶ Look at DTI and Employment
 - ▶ Collateral not always required
 - ▶ All loans reported to credit bureaus

ASI “Freedom Loan”

- ▶ To consolidate/eliminate debt owed to Payday Lenders
- ▶ \$3,500 max loan amount
- ▶ 25 years
- ▶ Staff provides budgeting and financial management coaching
- ▶ Savings account is established with \$15 deposited monthly and held in savings
- ▶ Loan term not to exceed 18 months
- ▶ 60% success rate

New ASI Payday Loan

- ▶ Scrubbing from ACH/EFT transactions to identify members using Payday Lenders
 - ▶ Using Company Description on incoming transaction
 - ▶ Some will actually say "PAYDAYADV"
 - ▶ Any reference to word "LOAN"
- ▶ Product Features
 - ▶ DTI Based - < 50%
 - ▶ Require financial counseling by ASII prior to loan approval
 - ▶ Used to refinance current Payday loan - but will consider refinancing/consolidating other loans
 - ▶ May require credit check or providing collateral
- ▶ Outreach to members identified to offer refinancing opportunity

Challenges with Core System to Design and Manage LMI Products

- ▶ Requires manual processes
- ▶ No ability to track member progress
 - ▶ Improve credit history and long term financial health
 - ▶ Change future borrowing behavior
- ▶ Reporting Requirements
 - ▶ Impact
 - ▶ CDFI Reporting