Financial Empowerment:
Core to Community Development Credit Union Model and Impact

As the national CDFI intermediary and network of over 450 community development credit unions (CDCUs), Inclusiv is frequently approached by credit unions looking for concrete strategies to expand reach and impact serving underserved communities. The truth is, there is no single silver bullet solution to expanding financial inclusion and empowerment. By examining the community development credit union (CDCU) model, however, we are able to draw a roadmap of the suite of products, services, and practices that characterize an inclusive financial institution.

In an analysis Inclusiv published of the product set and lending of over 100 CDCUs, we found that that CDCUs are, in fact, highly effective at reaching underserved communities with an average of 80% of loans and 72% of loan volume being deployed in CDFI target markets.¹ Not only that, we also found that CDCUs exceeded the financial performance of their non-CDCU peers. Our analysis also identified the key products and services that CDCUs use to safely and affordably lend deeply in underserved markets. Inclusiv found that nearly half of all CDCUs offer bilingual services – double the rate of non-CDCUs. Clearly offering services in multiple languages is a fundamental component of expanding access. Inclusiv also found that CDCUs offered mobile banking at much higher rates than non-CDCUs, another critical element in ensuring that low-income consumers are able to access and manage their funds.

The service we found offered by the highest percentage of CDCUs was financial education and coaching: 93% of CDCUs reported offering one or both of these services to their members. This is a clear indication that well-designed financial education and coaching are a primary ingredient in the CDCU “special sauce” of successfully serving underserved communities. Financial coaching and education services help empower low-income

people, people of color, and other excluded populations to navigate financial challenges and determine how to best utilize the products and services a credit union offers to improve their financial well-being and achieve their financial goals.

Financial coaching is highly effective in doing just that: 61% of individuals that received coaching through Inclusiv and Neighborhood Trust’s Pathways to Financial Empowerment program improved their credit through coaching. In 2021, Pathways clients reduced their debt by over $3 million dollars and increased their short-term savings by $1.6 million at their credit union, clearly illustrating that embedding coaching and education into the credit union model enables transformational impact.

In this brief, Inclusiv is pleased to highlight examples of how three Inclusiv member credit unions have incorporated coaching into their community development strategies to great success and to share the impressive aggregate impact of our 24 participating member credit unions in the Pathways to Financial Empowerment nationally.

---

**ST. LOUIS COMMUNITY CREDIT UNION**

*Interview with Paul Woodruff, VP of Community Development*

Tell us about the history of St. Louis Community Credit Union.

St. Louis Community Credit Union’s history, unlike many institutions, is inextricably linked with issues of social justice and inclusion. By combining two credit unions that served the education sector, but were separated by race, into one in the 1960s, St. Louis Teacher’s Credit Union started the process of building belonging. In the 1990s, when the credit union was granted a “community charter” and its field of membership expanded to include geographic regions, instead of a select employer group, the St. Louis Community Credit Union (SLCCU) brand was created and the evolution continued.

As a certified CDFI, Low-Income Designated Credit Union, and Minority Depository Institution, SLCCU leverages its trusted position in the market to connect financial products and services to households and communities through an extensive branch network and digital channels, alternative credit and account qualifications, strategic partnerships with public, private, and philanthropic entities, and connections to wrap-around, quality of life services that go beyond basic financial needs. While the institution’s primary mission is to enhance its members quality of life through financial tools, the long-term goal is to eliminate the racial wealth divide by enhancing and supporting the ability of families to build and maintain generational wealth.

How does SLCCU approach programs that financially empower members, such as financial education and financial coaching?

In 2009, the Board of Directors of SLCCU formed the St. Louis Community CU Foundation as a public charity to house an academic scholarship program and facilitate expanded opportunities to enhance financial education services to the membership. In 2013, the Foundation activated a new strategic plan which renamed the organization Prosperity Connection, brought on an Executive Director and full-time financial education staff, and sought wider impact through enhanced external fundraising and program deployment with a scope of service aimed to benefit the St. Louis community.

Prosperity Connection has been providing ongoing free financial education classes and targeted financial coaching to assist members in establishing and achieving financial goals. Over time, Prosperity Connection has gained greater financial independence through fundraising and expanded its services to

*WWW.INCLUSIV.ORG*
benefit constituents of other financial institutions. Both continue to work with one another in meaningful ways to drive financial success for SLCCU members and others throughout St. Louis.

Since 2009, Prosperity Connection has acted as the primary provider of financial education classes and data-informed coaching for SLCCU members. Prosperity Connection provides a dedicated financial coach that works in cooperation with the SLCCU Community Development Department to assist members in their financial journey, whether that be through credit building, seminars on a variety of topics, applying for credit union products, or one-on-one coaching. These interactions have largely been guided by referrals from credit union staff to coaches, who in turn assist members with identifying financial goals, work toward goals and connections to appropriate credit union products, and ongoing encouragement to achieve goals.

In addition to services offered to SLCCU members by Prosperity Connection, SLCCU staff at the branch level have provided micro-interventions that have primarily been centered on the provision and review of the member’s credit report, assistance and guidance with basic money management skills, and other help as needed. Members are also regularly referred to BALANCE Financial Fitness for additional support outside of the credit union setting.

Aside from the financial education and coaching services provided by Prosperity Connection, SLCCU continues to assess ways in which it will assist members with their financial capability needs.

Enhanced training opportunities for front and back-office staff, refined intranet resources to equip staff assisting members with personal finances, and more will be brought to bear in the coming months and years ahead. Unlike other credit unions with affiliates that are the captive partner of the institution, SLCCU has taken a different pathway with Prosperity Connection in order to allow the non-profit to assume a more independent and broader mantle that will benefit the wider region. While an uncommon pathway, SLCCU is proud to see Prosperity Connection grow beyond its original mandate.

What are the keys to the success SLCCU has had in financially empowering members?

Prosperity Connection’s model is based on data-informed financial coaching interventions. By understanding the starting point for each of its clients, the organization is able to assess a range of interventions and advice that is tailored to fit the needs of each individual, provide meaningful referrals for products and services, track and measure success over time, and tell a compelling impact story. SLCCU members have benefited from this professionalized approach because they are given support and encouragement that isn’t otherwise available through typical credit union staff. Further, because the work is grounded in data, members are able to better understand the lending process and navigate barriers that may prevent them from being approved for emergency loans, car loans, home loans, and more.

**SLCCU: 2021 Metrics**

- 7,100 members served through classes and information sessions on household budgeting, strategies for saving, benefits of saving, retirement accounts, and investments.

- 2,450 branch micro-coaching sessions with members on topics such as establishing, maintaining, and repairing credit, appropriate use of credit cards, and reading and interpreting credit reports.

- Assisted 320 borrowers, who are new or existing homeowners, make informed decisions related to budgeting, selecting a home, types of mortgage insurance, homeowner tax benefits, Equity build up, home maintenance, energy conservation, and foreclosure prevention.

- SLCCU had 55 active IDA savings accounts with a cumulative total of $37,000 saved for future car, home, and education expenses.
Pathways 2021 National Impact

- 4,039 clients served
- 7,309 client coaching sessions
- 61% of clients increased their credit score
- $3.6M decrease in debt
- $1.6M in new client deposits to checking and savings accounts
- 322 clients opened a new checking or savings account
- $3.6M

Launched by Neighborhood Financial Partners and Inclusiv, Pathways to Financial Empowerment is the first-of-its-kind outcome tracking platform that supports the delivery of best-practice financial coaching and education in credit unions. Credit union staff, ranging from financial coaches to loan officers, use the Pathways platform to take their financial coaching program to the next level.

WWW.INCLUSIV.ORG
Tell us about the history of MECU.

The MECU Credit Union story begins in 1936. During the height of the Great Depression, Baltimore workers were struggling to make ends meet. Numerous banks were closing and loan sharks were charging exorbitant interest rates and taking advantage of the working class. To ensure Baltimoreans were able to access affordable financial services, city employees joined together and MECU was founded.

MECU (pronounced "ME-q") Credit Union was originally known as the Municipal Employees Credit Union. In the beginning, the credit union only served Baltimore City employees such as teachers, firefighters, and construction workers. Many didn’t earn much, so they needed a financial partner who would help them make the most of every dollar. Fast-forward to today, MECU now serves individuals and local businesses throughout the Baltimore area. Our community has grown to 110,000 members.

How does MECU approach programs that financially empower members, such as financial education and financial coaching?

MECU empowers our members with free financial education, support and advice to achieve a brighter financial future. A major component of these efforts is the Level Up program. What does Financial Wellness mean to MECU? It’s the power to control your personal finances, no matter what storms may come. As a credit union, internally it means consistently equipping staff with financial education knowledge and empowerment resources to better prepare.

Over the last 19 years I’ve had the opportunity to look at Financial Wellness through the lens of our membership. Every member has a story! One thing that resonates through with the hundreds of members I’ve been blessed to work with, is their desire to change their financial future.

MECU members want to have control over their day-to-day finances; have enough cushion to handle most financial emergencies; payoff debt and be able to manage their expenses without using a credit card, cash advances, and payday loans; and be on track to meet retirement and savings goals. The Level Up program is structured to meet the member where they are and provide them the resources needed to grow and leave a legacy of asset and not debt for their families.

The Level Up program financially empowers MECU members by providing them with several user-friendly touch points to access financial education and support including:

- In-person one-on-one coaching sessions
- Structure goals, budget, and savings plans
- Online education modules
- Community webinars
- Financial Education BLOGS

What are the keys to the success MECU has had in financially empowering members?

MECU continues to show in action the true meaning of our mission statement. Standing firmly in the credit union’s principles and philosophies to improve our members’ financial lives and experiences. In 2021, MECU was honored to be recognized for their commitment to financial empowerment and financial wellness with the CUNA Diamonds Award for Financial Wellness.
MECU: 2021 Metrics

- 306 members served through classes and information sessions on household budgeting, strategies for saving, benefits of saving, retirement accounts, and investments.
- 376 coaching sessions with members on topics such as establishing, maintaining, and repairing credit, appropriate use of credit cards, and reading and interpreting credit reports.
- 750 members served through workshops and seminars.
- Members increased their Credit Score by an average of 56 points.

GUADALUPE CREDIT UNION

Interview with Diane Diane Sandoval-Griego, Chief of Financial Empowerment

Tell us about the history of Guadalupe Credit Union.

Founded in 1948 by Father Edward J. McCarthy, Guadalupe Credit Union (GCU) is a not-for-profit financial cooperative that proudly serves Northern New Mexicans of all faiths, professions, ages and backgrounds and has $250 million in assets today. By serving the community with compassion, GCU provides a welcoming and inclusive environment.

The credit union expanded its field of membership over several years and now serves 7 counties in Northern NM. GCU continues to thrive by empowering the communities of northern New Mexico to have ownership in a credit union that reflects and serves them. This includes loans to those with modest means, language barriers, challenged credit, irregular income, and other challenges faced by recent immigrant families.

GCU became a CDFI in 2010 and is designated as a Low-Income credit union and a Minority Depository Institution. GCU serves both rural and urban areas in seven counties in New Mexico, which has a diverse, multicultural population and includes families that have resided in the state for generations along with recent immigrant families. New Mexico has the third highest poverty rate of any state in the U.S. and 22% of the state population is underbanked. GCU strives to empower their communities through financial education and providing products and services that remove barriers and increase engagement in the financial system. GCU provides ITIN lending, safe accounts, subprime lending, financial education programs and financial coaching.

How does GCU approach programs that financially empower members, such as financial education and financial coaching?

GCU started over 70 years ago by a priest that sought safe and affordable access to financial opportunities for his community. Predatory lenders were taking advantage of the lack of borrowing options in the community. He started several credit unions in New Mexico and Southern Colorado through local parishes.

GCU’s financial coaching program began at one location and was manually tracking member data on excel worksheets. As GCU refined the coaching model that best fit their membership, they sought opportunities to seek out the most vulnerable members. This included assisting members with past due loans and providing financial education classes in the community. GCU continued to add additional coaching staff, expanded Spanish language materials and partnerships. Efforts resulted in lower delinquency, lending support and additional product development.

Today, GCU has seven financial coaches and several other staff in collections and lending that are FICEP certified. GCU enrolled into Pathways’ financial coaching platform during the pilot phase in 2017 as the department was seeking a way to track progress more effectively. It proved to be a valuable tool as it supported the department with data relating to member’s credit reports, debt reduction and action steps to improve their overall financial health. In addition, it provided reports useful for monitoring staff activity, grant applications and advocacy efforts.

During the COVID pandemic, Pathways became an essential form of communication to people as it provided an online intake through our website and allowed people to seek financial coaching from a safe space. Those seeking extensions and emergency loans were able to contact us with ease. Financial coaches contacted elderly members that were in financial coaching to inform them of the changes and offered support. It was important to hear their credit union was still strong and access was available.

Advocacy efforts to combat predatory lending in New Mexico have been ongoing since GCU’s inception. GCU collaborated with the New Mexicans for Fair Lending Coalition to lower the rate cap from 175% for small dollar loans. GCU developed a Predatory Debt Relief Loan product and although the program was successful, it did not eliminate the problem of wealth stripping by predatory lenders who saturated the market, particularly in low-income areas. To better demonstrate the damage predatory loans inflicted on GCU members, GCU financial coaches saved loan contracts, documented member experiences, and encouraged members to voice their concerns. The efforts of GCU and others bore fruit in 2022 when legislation was passed to reduce the rate cap to 36%.

GCU also uses the Smart Money program as an employee benefit and encourages staff to bring in their household members for the coaching sessions. Smart Money is a financial coaching program offered to GCU employees to work on personal financial goals. The program has successfully provided vital support for many staff to become homeowners, reach their other asset building goals, and increased referrals from staff to the financial coaching department.

What are the keys to the success GCU has had in financially empowering members?

GCU’s efforts include product development and research to find solutions that will assist GCU’s members and employees outside of traditional services. These solutions include predatory debt relief loans, predatory title relief loans, payday loan alternatives, non-custodial teen checking accounts and deposit products that partner with loan payments to encourage emergency savings. Key to the success of these efforts is the fact that GCU staff working in these areas have studied behavioral economics and worked with experts to identify and shape solutions according to the principles of behavioral theory.

Other efforts included training staff through shared success stories at all staff meetings. Each location shares the success of a member’s financial journey, which provides an opportunity for peer-to-peer learning. Sharing success helped the front-line staff feel recognized for their work and increased referrals. It had additional benefits such as training the staff to identify specific trends and encourage presentation skills including public speaking.
GCU: 2021 Metrics

- 1,374 members served through classes and information sessions on household budgeting, strategies for saving, benefits of saving, retirement accounts, and investments.
- 2,545 coaching sessions with members on topics such as establishing, maintaining, and repairing credit, appropriate use of credit cards, and reading and interpreting credit reports.
- 65% had an improvement of credit
- 53% Reduced consumer debt
- 51% of the clients served in 2021 had an income of less than $30k a year
- 33% of clients preferred Spanish language financial coaching

ACKNOWLEDGEMENT

Inclusiv would like to acknowledge all of our member credit unions delivering respectful, effective financial education and coaching in their communities every day. Inclusiv Financial Empowerment is supported by JPMorgan Chase.

ABOUT INCLUSIV

At Inclusiv, we believe that true financial inclusion and empowerment is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities. Inclusiv is a certified CDFI intermediary that transforms local progress into lasting national change. We provide capital, make connections, build capacity, develop innovative products and services and advocate for our member community development credit unions (CDCUs). Inclusiv members serve over 17 million residents of low-income urban, rural and reservation-based communities across the US and hold over $243 billion in community-controlled assets.

CONTACT US

SAREEK HOSEIN
Program Officer
shosein@inclusiv.org

WWW.INCLUSIV.ORG