



# Borrow and Save™ Implementation Guide



# TABLE OF CONTENTS

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3	<b>Backstory</b>
4	<b>Market Opportunity</b>
6	<b>Solution &amp; Consumer Impact</b>
11	<b>Program Design</b>
17	<b>Marketing Plans</b>
20	<b>Reporting &amp; Monitoring</b>
22	<b>Sample Tools from Credit Unions</b>
28	<b>Acknowledgements</b>
30	<b>Endnotes</b>

## BACKSTORY

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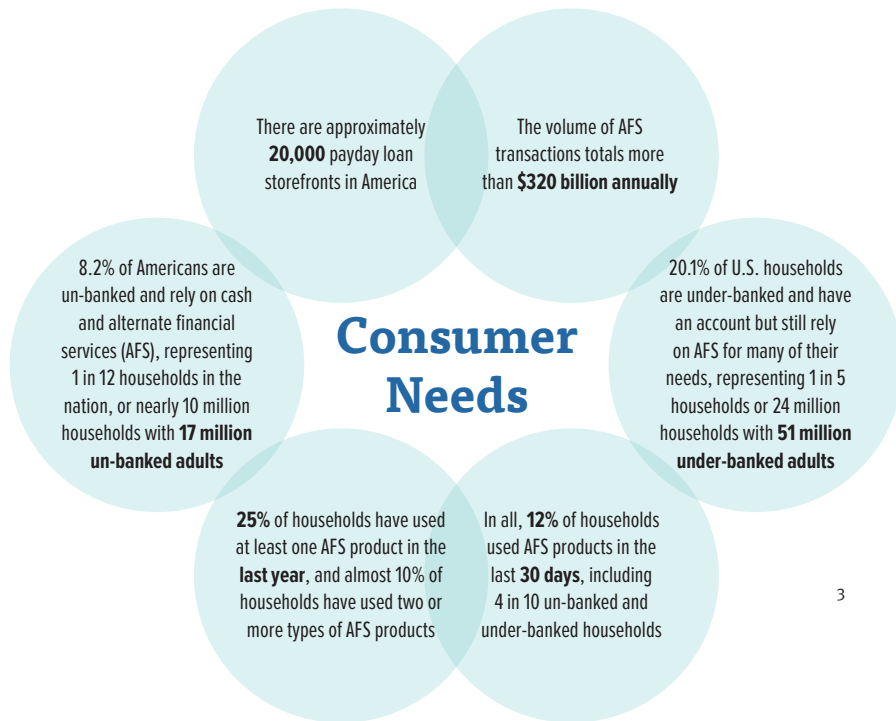
The National Federation for Community Development Credit Unions (the Federation) has worked with credit unions serving low- and moderate-income consumers around the country to test and refine an innovative responsible small dollar loan product known as Borrow and Save. This product provides borrowers with access to small dollar credit opportunities that are affordable and low-cost while helping borrowers strengthen their financial condition through savings.

The Federation launched the initial Borrow and Save pilot with four credit unions in 2011, funded in part by the Ford Foundation and Morgan Stanley, with the goal of developing an alternative loan product that increased the economic security of credit union members and had the potential for industry-wide adoption. In 2014, the Federation, Filene Research Institute, and the Ford Foundation partnered to test the Borrow and Save loan within Filene's Accessible Financial Services Incubator. The Incubator provided a way to further test, package, and deliver viable financial products designed to address the needs of underbanked consumers. During the Incubator, the Federation worked with an initial 14 credit unions. Eighteen months after kicking off the Incubator, 12 credit unions remained in the program reporting for a full 12-month period. Over 3,100 loans were closed during the period representing \$3M in lending and close to \$1M in savings for borrowers.

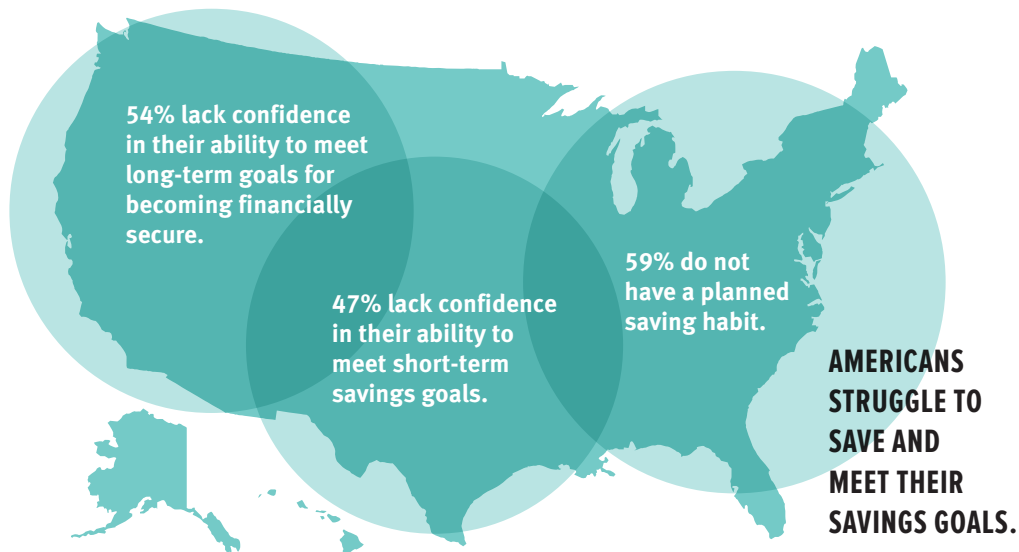
This study highlights the key product components and lessons learned from the Incubator, demonstrating that the Borrow and Save loan is a foundational product that helps low- and moderate-income members build financial security, while helping credit unions build and strengthen member relationships. A detailed analysis of the program is provided in the Borrow and Save Feasibility Study.

# MARKET OPPORTUNITY

Over 12 million Americans have become trapped in a cycle of debt as a result of predatory payday loans.<sup>1</sup> A look at the state of financial services nationwide suggests that access to responsible, affordable credit continues to be a serious problem in low- to moderate-income communities. Payday lenders, whether storefront or online, bleed wealth from people of modest means. The typical predatory payday loans have interest rates that can exceed 400%.<sup>2</sup> Additionally, in July 2014, a Federal Reserve study concluded that the majority of Americans could not afford an unexpected \$400 expense unless they borrowed money or sold assets.



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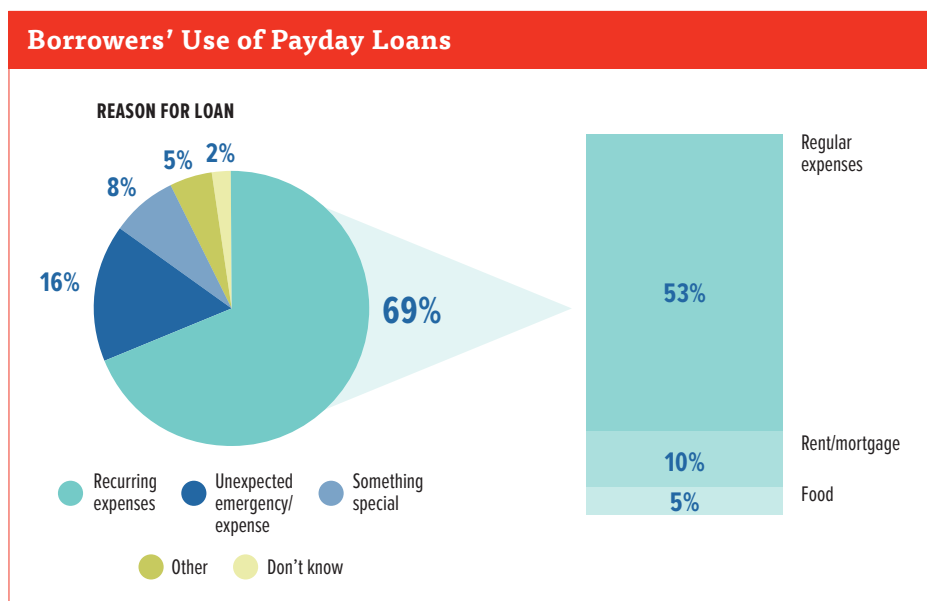
A survey conducted by the Pew Research Center found 5.5% of adults nationwide have used a payday loan in the past five years, with three-quarters of borrowers using storefront lenders and almost one-quarter borrowing online. On average, a borrower takes out eight loans of \$375 each per year and spends \$520 on interest.

The Pew study also found that most payday loan borrowers are white, female, and 25–44 years old. Five groups have higher odds of using a payday loan:

- Individuals who do not have a four-year college degree
- Home renters
- While most are white females between 25-44 other population segments may be disproportionately targeted including African Americans
- Individuals who earn less than \$40,000 annually
- Separated or divorced individuals in states with the most stringent financial regulations
- 5.5% of adults report payday loan usage in the past five years (including storefronts, online, or other sources)

In states with the most stringent financial regulations, 2.9% of adults report payday loan usage in the past five years (including storefronts, online, or other sources). By comparison, overall payday loan usage is 6.3% in more moderately regulated states and 6.6% in states with the least regulation. Further, payday borrowing from online lenders and other sources varies only slightly between states that have payday lending stores and those that do not.<sup>5</sup>

When asked, borrowers said they used the loans for “emergency” purposes. When asked to define emergency many said rent/mortgage, utilities, food, expenses for children’s school and car repairs. Researchers found these expenses were not “emergency” but rather recurring.



The data above illustrates the demand for small dollar loans that can fill an emergency need or bridge a gap between paychecks. In an effort to help low-income borrowers avoid high-cost loan options and meet small dollar credit needs, the Federation created and tested a safe and innovative small dollar loan product named Borrow and Save.

Borrow and Save not only provides consumers with an alternative to high cost payday loans, but also includes a required savings component to help borrowers prepare for future credit needs while accessing the credit they need now.

## SOLUTION & CONSUMER IMPACT

When borrowers are looking to get immediate access to small dollar loans while avoiding predatory lenders, improve their credit rating, and build a savings account, Borrow and Save is a perfect solution for them. The program not only provides consumers with an alternative to high-cost payday loans, but also includes a required savings component in an effort to help borrowers access the credit they need, while also preparing them for future emergency credit needs.

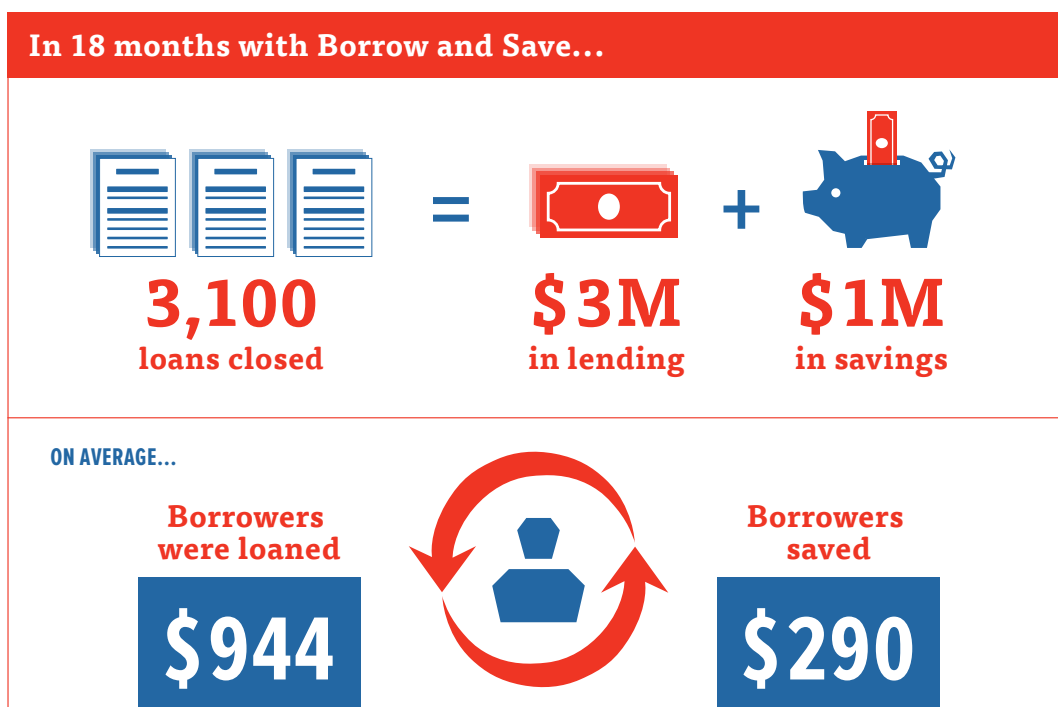
### What Makes Borrow and Save Different from Other Responsible Small Dollar Loan Products?

- ❖ Keeps members out of high-cost alternative products
- ❖ Fosters savings
- ❖ Borrowers have immediate access to needed funds
- ❖ Loans are not tied to a next paycheck
- ❖ Provides a solution for borrowers not eligible for other credit union products
- ❖ Puts borrowers on a continuum toward accessing a greater variety of credit union's products
- ❖ Does not require major investment on the part of the credit union
- ❖ Generates revenue for the credit union
- ❖ Improves the economic well-being of the community

In April 2014, fourteen credit unions had agreed to participate in Filene’s Accessible Financial Services Incubator program for an 18-month period. Twelve credit unions have remained consistently active in the program. These credit unions had the buy-in from both the board and staff and it was fairly easy and quick to implement the program. One credit union CEO remarked that Borrow and Save was much more user-friendly than their existing small dollar loan program and they have now adopted this model as their only small dollar loan program. Most of the credit unions in the Incubator pilot remarked that the program far exceeded their initial goals and delinquencies were similar or less than other short term loan programs.

While the majority of credit unions in the Incubator had a very positive experience with the program, two credit unions have decided not to continue offering the loan. One of the credit unions made this decision after a staffing change. They no longer had their “champion” for the program. Another credit union acknowledged that they started late and did not do a good job of marketing the program. They will revisit Borrow and Save at another time but will focus on other loan products at this time. Additional remarks from the credit unions participating in the pilot are listed in the following sections.

**During the 18-month reporting period, credit unions closed over 3,100 loans representing \$3M in lending and close to \$1M in savings for borrowers. The average loan per borrower was \$944 and the average savings was \$290 per borrower.** The average age of the borrowers was 41 years old with an average income of \$33,268 and an average credit score of 523.



The credit unions that participated in the Incubator program were represented by varying asset and member sizes from all across the country. Credit unions ranged from \$8.6M to \$435M in assets with membership between 3,000 and 46,000.

CREDIT UNION	ASSET SIZE	# LOANS	LENDING	SAVINGS
Carter FCU	\$256.4M	412	\$162,505	\$7,880
Communicating Arts CU	\$30.4M	23	\$19,500	\$9,750
Freedom First CU	\$391.2M	263	\$632,111	\$319,737
Guadalupe CU	\$138.3M	683	\$452,300	\$79,275
Hope CU	\$176.0M	805	\$682,750	\$171,457
Lake Trust CU	\$1.6B	5	\$8,000	\$3,100
North Side Community FCU	\$8.6M	223	\$219,250	\$15,225
Peninsula Community FCU	\$162.5M	88	\$70,496	\$17,624
Seasons FCU	\$153.9M	209	\$208,500	\$82,500
Southwest 66 CU	\$83.7M	56	\$49,100	\$12,275
SkyOne FCU	\$437.5M	171	\$118,500	\$59,000

### Ratings and Testimonials from Credit Union Testers

The majority (75%) of the credit unions that participated for the entire Incubator period indicated they would continue offering Borrow and Save to their members. These credit unions found the program to be a true benefit for their membership. One credit union remarked that Borrow and Save answered a need for their members who needed access to a small loan at a responsible price.

During the Incubator, Filene collected additional data through a credit union survey to better assess the ease of implementation and management of the Borrow and Save loan program; the final ratings are highlighted below.

**1 = STRONGLY DISAGREE, 2 = DISAGREE, 3 = NEUTRAL, 4 = AGREE, 5 = STRONGLY AGREE**

#### Implementation Prior to Launching

Systems adjustments were easy to incorporate.	3.75
Staff training was easy to deliver.	4.00
Marketing was easy to implement.	4.00
The templates and marketing materials provided saved me time.	3.58



## Implementation After Launching

Employee acceptance came easily and with minimal effort.	3.92
Our members like the product.	4.00
The members reacted well to the mandatory upfront savings component of the Borrow and Save product.	4.00

## Overall Program

We would refer this program to another financial institution.	4.33
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Many credit unions said Borrow and Save helped them to better serve their existing members. They were able to establish a connection to members that did not regularly use the credit union services. Credit unions in the pilot will continue to look at the number of new members as the short length of the pilot did not give them an opportunity to gauge retention.

Credit unions also provided qualitative information about the success of the program through testimonials; a few of those stories are highlighted below. For a complete listing of testimonials from the credit unions refer to the Borrow and Save Feasibility Study.

### PENINSULA CU - FROM THE CEO

“Peninsula CU was able to grant new member, James, a Borrow and Save loan in June 2014. He had good employment, but was in the beginning stages of divorce, and found himself short on cash days before payday. James was also scheduled to head out of town for work and needed to pay the mortgage (for his soon to be ex-wife) and provide food for his children before leaving. He came to Peninsula CU to find an alternative to a payday lender. James paid off his Borrow and Save loan today and thanked Peninsula CU for the help. In the time since taking out the Borrow and Save loan he has been able to save \$3,000 for a down payment on a new car and add \$2,000 to a savings account. And great news...he financed his new vehicle with Peninsula CU. James expressed his gratitude and expressed that he is in a much better place in his life in part due to the assistance provided by PCU. What a great story!! Truly people helping people.”

### HOPE CU - FROM THE LENDING TEAM

“Members use these loans for a variety of purposes, such as to pay taxes on one’s car tags, tires, Christmas gifts, and to catch up on bills.

- Team members also mentioned enthusiasm for the length of the repayment period. The longer repayment period allowed some members to take on credit and build their credit score where they may not have had the opportunity in the past.
- Team members use the credit score snapshot to engage in member education/financial coaching that enhances members’ ability to build credit scores.

- Team members have also specifically mentioned its use as an alternative to a payday loan when short-term expenses or emergencies occur.”

## Ratings and Testimonials from Consumers

During the Incubator, Filene collected additional data through borrower surveys to better assess the impact of the Borrow and Save loan in their lives. Although most members surveyed were supportive of the product, a few continued to take out payday loans. For some the amount of their debt will take a larger time than the 18 months of the Incubator to stabilize. The final ratings from the survey questions are shown below, followed by member comments which are highlighted below:

1 = STRONGLY DISAGREE, 2 = DISAGREE, 3 = NEUTRAL, 4 = AGREE, 5 = STRONGLY AGREE	
This program helped me meet my emergency need.	4.62
This program is the reason I have started a savings account.	3.32
This product was fairly priced.	4.30
My financial position improved because of this program.	4.03
I have had to take out a payday loan since using this program.	2.08
I would take out another loan if the need arises in the future.	4.47
I am more loyal to my credit union after participating in this program.	4.20
I would recommend this program to my friends and family.	4.49

“It made a great impact due to the interest rate, which is GREAT, best I’ve seen yet. To summarize, this program is outstanding!”

“It has helped me stay out of a big hole that could have hurt my family.”

“It was what I needed without getting into deeper debt.”

“Really and truly it helped me out and now that I’m about to finish paying it off, I really forgot about the saved amount I had coming to me. I’m glad it worked out that way. Now I have something to look forward to once the loan is paid.”

“It helped me when no one else would.”

“It is a product I’m able to access easily. I have been able to increase my credit score from 410 to 570, and I have been able to pay off at least one debt each time I utilize the loan.”

# PROGRAM DESIGN

## Regulation Considerations

Borrow and Save policies must be in accord with COMPASS Compliance Assistance for Credit Unions. The following is a list of regulations to be mindful of:

- Truth in Lending (Reg Z)
- Truth in Savings (NCUA part 707)
- Equal Credit Opportunity (Reg B)
- NCUA Part 701.21, Loans to Members
- NCUA Part 740, Advertising and Notice of Insured Status – does not apply if there is no required minimum share balance
- Electronic Funds Transfer Act (Reg E) – applies if there is a direct deposit component
- Unfair, Deceptive and Abusive Acts or Practices (UDAAP)
- Telephone Consumer Protection Act (TCPA) – limits use of auto dialers, texting, etc.
- Military Lending Act (MLA)

## Product Structure

Based on the initial pilot and the results at participating credit unions, the Federation has developed parameters for Borrow and Save to maximize impact and minimize risk. Below are details for the loan and savings parameters for the Borrow and Save product.

### BORROW AND SAVE SNAPSHOT

THE LOAN PARAMETERS
Installment Loan (no balloon)
Loans between \$300 and \$2,000
Underwritten on the basis of the borrower’s ability to pay
Application Requirements
I.D.
Proof of Income
Rent and utility payments with current address

Loan term between 3 and 12 months

No more than 3 loans per year

No more than one loan out at a time

Adherence to NCUA guidelines on maximum interest rates and fees

Not more than 28% and maximum \$20 fee; not including savings portion

18% has been the sweet spot that works for CUs-sustainability and still aligned with mission

## THE “BORROW” IN BORROW AND SAVE

### Underwriting

The loan underwriting criteria must balance between providing greater flexibility than conventional personal or consumer loans and ensuring that a borrower can repay the loan. Underwriting a borrower’s ability to repay based upon the debt to total income is critical. Proof of income protects the institution and the borrower and is consistent with the mandate to underwrite on the basis of the borrower’s ability to make timely payments. Borrow and Save is designed for borrowers with challenged credit. The program can help members build credit with an acceptable level of risk for the institution.

Many payday loan borrowers report being unable to tap conventional credit due to prior credit challenges; Borrow and Save addresses this barrier to financing by not basing loan approval on credit scores. Not all credit unions participating in the Incubator pulled credit scores. Those that did pull credit reports and scores used them for informational purposes only to determine whether these loans posed a risk to the institution. Credit reports can also be used by the credit union to educate the borrower on ways to improve his/her credit rating. Despite this more open underwriting approach, in the Incubator, the Borrow and Save write-offs were no greater than other credit union consumer loan products.

Borrow and Save does not require a minimum membership tenure. In the initial pilot, duration of membership did not correlate with lower rates of delinquencies or write-offs. Also, competing in the small dollar marketplace means ease of access. Credit unions participating in the Incubator pilot were able to use the Borrow and Save product to grow their members, accessing an emerging market within their existing field of membership.

## THE “SAVE” IN BORROW AND SAVE

### Optimum Savings

The required savings is one of Borrow and Save’s distinguishing features and a critical component of this product. From the credit union’s perspective, a fixed amount in a frozen savings account can cushion against losses for the credit union as it fosters member savings. Saving amounts ranged from

25–50% of the loan. These funds were frozen in an account and only available, with accumulated interest, when the loan was paid in full. Additionally, these funds provided a nice transition for members to encourage further savings such as a low-entry certificate of deposit.

## THE SAVINGS

Mandatory savings requirement with percentage of savings not less than 25% and up to 50%

Frozen in an account and only available, with accumulated interest, when the loan is paid in full

Encourage the transition to a “next step” product to encourage further savings (such as a low-entry CD, first-time home buyers, IDA)

The savings impact is compounded by keeping members out of high-cost alternatives

## Pricing

There is no one size fits all interest rate for the product – each credit union needs to establish pricing based on its local market, taking into account the cost of delivering the product and projected losses. There are, however, two givens for the product:

1. 28% is the allowed regulatory interest rate cap and
2. 12% is an estimated minimum rate to cover costs and risk.

The goal is for a credit union to offer a product that is both financially sustainable for the institution and substantially more affordable to consumers than predatory alternatives. It is important that the product is transparent. The credit union must explain the interest rate if fees are included. Fees range from \$0 to \$20 per loan for a closed-end loan. While some credit unions have refunded this fee at pay-off, there is no evidence in the initial pilot to suggest that this has incentivized payments.

Though the Borrow and Save product may, in many cases, be higher cost than a credit union’s other collateralized loan offerings, the product is well aligned with a mission of furthering members’ financial independence. It is affordable compared to alternative financial service providers, establishes savings, builds credit, and enables a pathway out of payday debt cycles.

## Number of Loans in a 12-Month Period

The Borrow and Save paradigm is based on meeting immediate credit needs and supporting the accumulation of adequate savings to minimize repeat borrowing. The survey results of credit unions participating in the Incubator show that given the opportunity to access multiple small dollar loans within a year, consumers will continue to borrow even when they have adequate savings to cover expenditures. If a member is failing to build a savings habit through this program, the credit union should look for other options for the borrower including financial counseling. Given this information, credit unions should issue a maximum of three loans per year and the loan must be paid in full in order to access the next loan.

## Collections

Because loan terms do not extend more than one year and can be as short as 90 days, it is important to get a jump on delinquencies almost immediately with a courtesy reminder. At the time of closing, encourage borrowers to let you know as soon as possible if there is a problem with repayment. Be sure that borrowers understand that the savings in their account will not be available until the loan is paid in full.

Institutionally, reexamine underwriting quarterly relative to delinquencies and charge-offs; use this review to determine if the product's pricing needs to be adjusted.

## Regulatory Environment

As illustrated in the chart below, Borrow and Save falls well within NCUA's Small Dollar Loan guidelines and goes even further to ensure affordability, ability to repay, and improved financial position for borrowers.

COMPARING REGULATORY REQUIREMENTS FOR SMALL DOLLAR LOANS WITH THE BORROW AND SAVE PRODUCT		
	NCUA	Borrow and Save
<b>Interest Rate</b>	Up to 28%	Between 12% and 18%
<b>Fees*</b>	Up to \$20	Up to \$20
<b>Terms</b>	1–6 months	3–12 months
<b>Amounts</b>	\$200–\$2,000	\$300–\$2,000
<b>Rollovers</b>	None	None
<b>Max Loans (12 month period)</b>	3	3
<b>Credit Reports</b>	Not Required	Not Required; Informational Purposes Only
<b>Required Savings</b>	N/A	25% to 50%
<b>Financial Literacy or Coaching</b>	Not Required	Available and Recommended

*\*According to NCUA regulations, fees charged are excluded from the finance charge calculation. These are not included in the APR. Fees can be charged on a per loan or annual basis. If, however, fees are charged and then refunded based on a member's usage of the product, these fees would have to be included as a finance charge.*

Credit unions will want to stay informed of the Consumer Financial Protection Bureau's (CFPB) rulings for small dollar loans to ensure they are in compliance. In March 2015 the CFPB announced it is considering proposing rules that would end payday debt traps by requiring lenders to take steps to make sure consumers can repay their loans. The proposals under consideration provide two different approaches to ending debt traps – prevention and protection. Under the prevention requirements,

lenders would have to determine at the outset that the consumer is not taking on unaffordable debt. Under the protection requirements, lenders would have to comply with various restrictions designed to ensure that consumers can affordably repay their debt. These proposals would cover short-term credit products that require consumers to pay back the loan in full within 45 days. The regulations would also apply to longer term loans that have an all-in APR of over 36%.

## **Personnel Resources/Training**

Based on our survey of credit unions that participated in the pilot, those with an existing payday advance loan had a much easier time with training and rolling out the new Borrow and Save product. Staff already understood the targeted audience and was able to easily market the program to the right client. This also meant the staff was more equipped to underwrite the loan and understand the potential pitfalls; in many cases staff were able to offer this loan to Tier 5, the weakest borrowers. With an existing payday advance loan program, credit unions transitioned most members into the Borrow and Save loan. Some credit unions also transitioned a Salary Advance Loan and a Holiday Loan and now only offer Borrow and Save because it turned out to be a better product for their members. Frontline staff were trained on the new product and educated on identifying payday loan users and then recommended Borrow and Save as an alternative. Once members experienced the product they were referring other members.

Credit unions that developed a new product for Borrow and Save indicated hands-on staff training was helpful. Peninsula FCU and SkyOne FCU created their Borrow and Save loan using the Implementation Guide and had a great response from members. Very little training was required since the product was very simple and easy to explain to members. Once credit union staff were able to define the right market for Borrow and Save, the loan process was easy. In many cases staff indicated a slow rollout is preferred and to focus the rollout at one branch and then expand as both the staff and the members become more familiar and comfortable with the loan. In some cases only one staff member was underwriting Borrow and Save. Cross-sale training will be important to scale the product.

Freedom First CU offers monthly workshops for their employees. In these workshops they are able to educate staff on how the product works and who may be eligible or a good candidate. Understanding the target market appears to be key for all the credit unions that participated. Educating staff on an ongoing basis was also very beneficial in keeping the product top of mind and reminding staff of how the product can help the credit union serve more of its membership.

## **Frontline Talking Points/Marketing**

Very little marketing and training were required for the Borrow and Save product. Prior to rollout, all participating credit unions provided frontline employees with details about the product and the underwriting guidelines. In many cases credit unions only rolled out the product in one branch as part of the testing phase. In other cases only one or two staff members focused on rolling out the product. Most members learned about the product through word of mouth. Several of the credit unions did use the Borrow and Save marketing material and logo created by the Federation to promote the program. Marketing included press releases about the new product, interviews with local radio, website/e-news marketing, and brochures at branches and community partner locations.

While the credit unions were not required to use the materials, they were offered to all the Incubator participants. Those that did use the materials found them very useful and liked the idea of having materials ready to go for signage and use in mailings.

In many cases, credit unions that already had an alternative payday loan had an easier time transitioning to the Borrow and Save product targeting those members that already had payday loans outside of the credit union. Members were also encouraged to consider Borrow and Save if they were denied another credit product due to poor or no credit. Borrow and Save became a stepping-stone for members to access future credit opportunities. This graduated approach was used by all credit unions in the Incubator.

## **Technology**

Each credit union had different technology experiences. Some indicated their core system could not easily manage Borrow and Save and track necessary data points, while others indicated that Borrow and Save was easier than other existing payday alternative loans that they had in place. In some cases credit unions had to pay for a payday alternative loan platform. Those using the EPL core system stated Borrow and Save was easy to implement within their regular system. The Federation is partnering with EPL to offer their core system services to credit unions. Being able to use the credit union's existing system makes it easier for frontline staff as well collections when accounts are slipping into default. One example of this is Guadalupe Federal Credit Union's use of an additional code; Guadalupe taught tellers how to issue the loan and loan officers how to fund them. Borrow and Save loans were audited like any other loan, which streamlined the process.

In many cases some programming was necessary to identify the Borrow and Save product within the credit union's core system. Freedom First had to create a code for the savings portion of the secured loan so that Borrow and Save savings were not released as the loan balance went down.

All credit unions were able to set up Borrow and Save into their regular reporting systems; reporting on the loan details was not hard. Credit unions indicated that although Borrow and Save tracking was different than some of their other loans, it was not difficult.

Overall, all of the credit unions that participated in the program liked the product and saw it as a huge opportunity to provide an alternative to payday lending products that supports members' credit needs, while also building credit and setting members up with a safety net through the savings component. The product was also an opportunity to help some of their riskier borrowers. Credit unions that were most successful with the product already had a community development focus and credit building approach. In many cases credit unions that already had an alternative payday loan had an easier time transitioning into the Borrow and Save product offering it to those members or targeting members they thought might use payday loans outside of the credit union. These credit unions were more familiar with doing small dollar loans, had a trained staff and were committed to helping members transition out of high cost predatory loans.



Consistent staffing also made a difference. In instances where the staff who were championing the product moved to different positions or left the credit union, the product was not as widely offered. Adequate staff training and support will be important for product sustainability. Training for frontline staff was simple once they understood the goals of the program and the target market it served best. In all cases very limited marketing was required to inform borrowers about the product; once members started accessing Borrow and Save, others followed. For “mainstream” credit unions, there was a higher learning curve. Traditionally, they would not lend to members with lower credit scores or no credit history at all. They usually do much larger loans for longer periods of time. As more mainstream credit unions expand their membership into lower income communities, it becomes more important for these credit unions to look at small dollar loans. The mainstream credit unions that participated in the Incubator were able to quickly adapt the Borrow and Save model into their product offerings. The Federation provided technical assistance to those who needed additional support.

## MARKETING PLANS

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The Federation worked with the participating credit unions to develop and implement a Borrow and Save logo and key collateral materials to support the marketing of the product. These included two brochures, a postcard, and sample web banners along with design guidelines. It was not mandatory for credit unions to use the marketing materials, but all were required to use the Borrow and Save logo and Federation logo on marketing materials. The Federation has trademarked the Borrow and Save logo and has a licensing agreement in place for credit unions interested in offering the product. Based on the survey of the credit unions that participated in the Incubator we found the following results:

### Target Audience

- Low- and moderate-income credit union members and/or non-members looking to build financial security
- Financial decision-makers (mostly women)
- Tend to live in urban settings
- Average age is 41 years old

### How to Communicate the Information to Members

- Must connect with their (target audience’s) lifestyle, location, etc.
- Outline benefits, “What’s in it for me?”
  - » Fast. Easy. Simple. Personable.
  - » Positive way to build credit and savings

- » Allows members to save, while getting immediate access to funds they need
- » Financial wellness and education
- » Money is safe and insured through credit union
- » Member stories and testimonials are key and especially effective on social media
  - For example, “It helped my family in a time of need.” or “It helped me when no one else would.”
  - Showcase these stories in marketing pieces and conversations

## **How to Connect the Audiences with the Information**

### **UTILIZE THE IMPLEMENTATION GUIDE AND MARKETING MATERIALS TO EDUCATE AND PROMOTE THE PRODUCT**

- Promotional flyers
- Brochures in branches
- Brochures in Community Partner offices
- Staff training and engagement
- In-branch print and digital media (brochures, take-ones, posters, screens)
- Online –web banners
- Social media with testimonials
- Website with testimonials
- Direct Marketing
- Email marketing
- Outside media sources if applicable such as billboards and TV advertising



**Borrow and Save**

**Borrow smart. Save smarter.**

Get the cash you need. Build the security you want.

**Borrow and Save**

**Borrow smart. Save smarter.**

Get the cash you need. Build the security you want.

**Federation**  
Borrow and Save is a product of the National Federation of Community Development Credit Unions

**When is a Borrow and Save small dollar loan right for you?**

- Ideal for emergency costs
- Can help bridge the gap between paychecks
- Smart way to build your credit and savings

Insert name of CU  
(000) 000-0000 Local  
(000) 000-000 Toll-free  
www.nameofCU.com

**Federation**  
Borrow and Save is a product of the National Federation of Community Development Credit Unions

**Borrow and Save**

**Borrow smart. Save smarter.**

Get the cash you need. Build the security you want.

**Borrow a little cash. Build a bigger future.**

**It's cash. It's saving. It's a better way.**

Borrow and Save is a safe, convenient small dollar loan that also lets you save. It gets you immediate access to the cash you need now, while you build savings for the future.

**Get short-term cash, without short-changing your future.**

**Why participate?**

- Easy access to money you need now
- Good alternative to loans charging higher interest rates
- Helps you save for the future
- Builds credit and strengthens your financial health

**Eligibility**

- Ability to repay (check the loan application requirements)
- Proof of income
- Photo ID
- Prior credit union membership not required

**Terms**

- \$300 - \$1000 loan
- 3 - 12 months
- 12 - 7% interest
- \$X application fee
- X% required savings

**How to apply:**

- Complete the Borrow and Save Application
- Complete the member survey
- Enroll in financial counseling (See member service for details)

**Borrow and Save Benefits**

- Gives you the cash you need now
- Eliminates the need for high cost lenders
- Gets you on the path to a healthier financial future
- Offered through your credit union, where your money is safe and insured

**Here's how it works:**

Part of this short-term loan requires savings that you keep in an account at the credit union. Once you've fully repaid the loan, the savings and the interest they've earned are yours. Borrow and Save builds your credit and strengthens your financial health.

**Smart money made easy.**

How to apply:

- Complete the Borrow and Save Application
- Complete the member survey
- Enroll in financial counseling (See member service for details)

**Borrow and Save**

**Borrow smart. Save smarter.**

Get the cash you need. Build the security you want.

**It's cash. It's saving. It's a better way.**

Borrow and Save is a safe, convenient small dollar loan that also lets you save. It gets you immediate access to the cash you need now, while you build savings for the future.

**Why participate?**

- Easy access to money you need now
- Good alternative to loans charging higher interest rates
- Helps you save for the future
- Builds credit and strengthens your financial health

**Let us help you borrow smarter!**

Call today to learn more about Borrow and Save.

**Federation**  
Borrow and Save is a product of the National Federation of Community Development Credit Unions

**A smarter way to borrow.**

**Borrow smart. Save smarter.**

Get the cash you need. Build the security you want.

**Welcome to Borrow and Save. It's cash. It's saving. It's a better way.**

Borrow and Save is a safe, convenient small dollar loan that also lets you save. It gets you immediate access to the cash you need now, while you build savings for the future.

**Why participate?**

- Easy access to money you need now
- Good alternative to loans charging higher interest rates
- Helps you save for the future
- Builds credit and strengthens your financial health

**Borrow and Save can help you borrow smarter.**

Learn how.

**Federation**  
Borrow and Save is a product of the National Federation of Community Development Credit Unions

**Weber Marketing Samples**

# REPORTING & MONITORING

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## Reporting

It is important to track the effectiveness of the Borrow and Save loan portfolio with the rest of the credit union's lending portfolios. During testing, the following items were tracked on a monthly basis:

- Number of loans
- Dollar amount of loans
- Average loan amount
- Interest rate
- Loan term
- Age of borrower
- Credit score of borrower
- Charge-off & delinquencies
- Percentage of loan portfolio that is Borrow and Save loans
- Amount saved

All credit unions were able to set up Borrow and Save into their regular reporting systems and reporting on the loan details was not hard. Credit unions indicated that although Borrow and Save tracking was different than some of their other loans, it was not difficult.

## Bottom Line Calculations

While Borrow and Save can be positioned as part of a credit union's suite of impact products, it needs to be priced for sustainability and scale. Use a spreadsheet to calculate income, expenses, and product profitability. Using a spreadsheet is suggested to calculate income, expenses, and product profitability. Sample spreadsheets can be found on the Federation's website ([www.cdca.coop](http://www.cdca.coop)).

### INFORMATION YOU WILL NEED FOR A PROFITABILITY ANALYSIS <sup>6</sup>

- Average Loan Amount
- Average Loan Outstanding: Average outstanding balance of single loan, using amortization formula.
- Total Number of Loans: The total number of loans for the analysis period.
- Portfolio Balance: Principal balance of loans originating during the analysis period.
- Actual Losses: The value of the total unpaid balance charged off.

- Term (months): The average term in months of loans of that type originating during the period.
- Interest Rate: Annual Percentage Rate charged, not reflective of origination or late fees.
- Cost of Funds: Interest rate paid for the use of funds (e.g. deposits,) lent to borrowers.
- Actual Losses Per Loan: Actual losses divided by the total number of loans originating during the period.
- Delinquency Incident Rate: Frequency with which loan repayment was delinquent
- Late Fee: Fee charged for the late payment on a loan.
- Interest Paid on Savings Portion
- Servicing Cost Per Loan: A pro rata share of the loan servicing expense for the entire loan period.
- Fixed Expenses Per Loan: Fixed expenses include the sum of operating expenses. Fixed expenses for the loan type’s portfolio reflect total dollar value of the portfolio as a percentage of the institution’s total average assets for the analysis period. Fixed expenses per loan is the quotient of fixed expenses per loan divided by the number of loans.
- Personnel Cost Per Loan: A function of personnel cost per hour (salary, benefits, training) multiplied by the number of personnel hours spent per loan, multiplied by the number of loans.
- Application Fee: Fee charged for the origination of the loan.

### CALCULATIONS FOR BORROW AND SAVE WORKSHEET

Income Inputs	Expense Inputs	Additional Portfolio Calculations Inputs
Loan Amount (\$300–\$2,000)	Credit Check (for informational purposes only)	Average Loan Amount
Days in the Loan Term (90–360)	Time to Generate Loan	Average # of Loans/yr (1–3)
Days between Payments (30)	Time to Service a Loan	
Loan/annum (1–4)	Hourly Salary	
Interest Rate (12%–18%)	Other Expenses (interest on savings, financial counseling)	
CU Cost of Funds	Delinquency Ratio	
Application Fee (\$0–\$20)	Collections Time	
Late Fees	Loan Loss Ratio	
	Interest on Savings	

# SAMPLE TOOLS FROM CREDIT UNIONS

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## Staff Training

### Member Services Training and Instructions Southwest 66

#### BORROW AND SAVE INSTRUCTIONS FOR MSO

- Hand questionnaire to member to complete
- Collect questionnaire
- If non-member, create a pending account
- Go to member's account
- Verify that all account information is current
- New Application
- Pull Credit report (for informational purposes only) and proceed
- On Loan product, click on "PERSONAL – Borrow and Save" drop box
- Confirm or adjust the term and enter the amount requested (refer to Borrow and Save chart)
- Leave the rate at 18%
- Do not offer/add loan protection products
- Distribute to shares
- Save to calculator
- Pledge 25% of the loan amount to the shares (refer to Borrow and Save chart)
- Get five references
- Close Loan/Pending Account
- Print to DDS & sign all required documentation
  - » Application
  - » CE Note & Disclaimer
  - » Borrow and Save Supplement

## Borrow and Save Supplement

Get the loan that you need today and save for tomorrow

### DESCRIPTION

This loan based on ability to repay, rather than FICO score

### REQUIRED DOCUMENTATION

- Two forms of legal identification (driver's license, social security card, matricula)
- Proof of employment/Two recent pay stubs
- Previous year's W-2s
- Two bills with current address (utility, phone, cable)

### BORROW AND SAVE AT SOUTHWEST 66 CREDIT UNION

Income	Size of Available Loan	Term	Estimated Monthly Payment*	Fee	APR
\$700	\$300	3 months	\$103.01	\$20	18%
\$1,000	\$500	6 months	\$87.76	\$20	18%
\$1,500	\$1,000	6 months	\$175.53	\$20	18%
\$1,500	\$1,000	12 months	\$120.16	\$20	18%

*\*Installment payments with no balloon payment. Deviations will not qualify for borrow and save loans.*

### LOAN LIMITATION

- A maximum of three loans per year with one fee per loan
- Loan must be paid in full in order to access the next loan

### REQUIREMENTS

Checking account and direct deposit required for payments

### REGULATORY ENVIRONMENT

As illustrated below, Borrow and Save falls well within NCUA's Small Dollar Loan guidelines and goes even further to ensure affordability, ability to repay, and improved financial position for borrowers.

## BORROW AND SAVE SUMMARY

<b>Interest Rate</b>	18%
<b>Fees</b>	\$20 per loan
<b>Terms</b>	3–12 months
<b>Amounts</b>	\$300–\$2,000
<b>Rollovers</b>	None
<b>Max Loans (12 month period)</b>	3
<b>Credit Reports</b>	Informational Purposes Only
<b>Required Savings</b>	25%
<b>Financial Literacy or Coaching</b>	Available and Recommended

### NOT AVAILABLE FOR

- Loan protection products
- Skip a pay
- Any rate discounts



# Loan Materials

## CREDIT SCORE SNAPSHOT



Date: \_\_\_\_\_

Member Name: \_\_\_\_\_

Equifax Credit Score: \_\_\_\_\_

**About your Credit Score:**

- A credit score is a number that summarizes your credit risk, based on a snapshot of your credit report at a particular point in time. A credit score helps lenders evaluate your credit report and estimate your credit risk.
- The most widely used credit scores are FICO scores, the credit scores created by Fair Isaac Corporation.
- FICO scores range from 300 – 850. The higher the score, the lower the estimated risk to the creditor. No score says whether a potential client will be a “good” or “bad” client, the score estimates, from historical information, the client’s potential credit worthiness.

Credit Score Scale	
850	----- Excellent
720	----- Very Good
680	----- Good
640	----- Below Average
600	----- Needs Improvement
550	----- Poor
300	----- No Credit History

**(Q) How is My Credit Score Calculated ?**

5 Parts of Your Credit Score Calculation:

(1)	Payment History	35% of your Credit Score
(2)	How Much You Owe	30% of your Credit Score
(3)	Length of Credit History	15% of your Credit Score
(4)	New Credit	10% of your Credit Score
(5)	Types of Credit in Use	10% of your Credit Score

- Common Factors that Damage Credit Scores:**
- Delinquent payments on debts
  - Collections on delinquent accounts
  - Bankruptcy
  - Keeping balances high on credit cards and other revolving credit accounts (“Maxing Out” Credit Cards)
  - Other:

- Steps to IMPROVE Your Credit Score:**
- Order your yearly Credit Report from: Annual Credit Report Service: [www.annualcreditreport.com](http://www.annualcreditreport.com) , 1-877-322-8228. (This Service was established by the Congress for consumers to get their Credit Report from the three national credit reporting agencies free of charge, once every year)
  - Pay down your credit cards
  - Pay down or make arrangements to pay down any collection debt
  - Communicate with your lender and work out a payment arrangement
  - Stay current on your credit card payments, not carrying a balance more than 30-50% of your credit limit
  - Correct any mistakes you may see in your Credit Report, by writing to the appropriate Credit Agency
  - Other:

**Three Credit Reporting Agencies:**

(1)	Equifax:	1-800-685-1111, <a href="http://www.equifax.com">www.equifax.com</a>
(2)	Experian:	1-866-200-6020, <a href="http://www.experian.com">www.experian.com</a>
(3)	TransUnion:	1-800-888-4213, <a href="http://www.transunion.com">www.transunion.com</a>

**Acknowledgement of Receipt**

**Initial:** \_\_\_\_\_



- ✓ Car Repair
- ✓ Insurance Payments
- ✓ School Expenses
- ✓ Security Deposits
- ✓ Other Emergencies

North Side Community Federal Credit Union is offering this Borrow and Save Loan to those members who are interested in building savings as they repay their loan.

**LOAN AMOUNT**

- \$500 \_\_\_\_\_
- \$750 \_\_\_\_\_
- \$1,000 \_\_\_\_\_

**APPLICATION**  
(Please Print)

Account # \_\_\_\_\_  
 Date \_\_\_\_\_  
 SSN \_\_\_\_\_

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City, State Zip \_\_\_\_\_  
 Home Phone \_\_\_\_\_

Employer \_\_\_\_\_  
 Position \_\_\_\_\_  
 Address \_\_\_\_\_  
 City, State Zip \_\_\_\_\_  
 Work Phone \_\_\_\_\_  
 Date Hired \_\_\_\_\_

Residence  Own  Rent  Other \_\_\_\_\_

Purpose of the Loan \_\_\_\_\_

In the event my request is approved and issued, I agree to read and comply with the terms of the agreement which will be furnished to me. I further agree North Side Community Federal Credit Union may contact any source necessary to determine my credit/financial responsibility. I hereby acknowledge that the above information is true and complete.

Member's Signature: \_\_\_\_\_  
 X \_\_\_\_\_  
 Date: \_\_\_\_\_

**Meet These Minimum Requirements**

- Be a Credit Union member.
- Minimum monthly net income of \$1,000 - \$1500 (dependent on loan amount) and a direct deposit set up to repay the loan.
- By agreeing to this loan, you will make an additional monthly deposit of \$25-40 (dependent on loan amount) to be deposited into your savings account and secured for the length of the loan.
- Loan must be paid back within six to twelve months depending on loan amount.
- You are only eligible for one small dollar (\$1000 or less) loan at a time. You must wait until the end of the repayment period to obtain another loan.
- To receive this loan you need a credit score of 600 or higher. If your score is lower than 600 you will be required to attend our financial literacy workshop before receiving the loan.

To apply: Provide 2 recent pay stubs if paid semi-monthly or every 2 weeks.

OR

- 4 recent pay stubs if paid weekly
- \$ 30 non-refundable loan application fee.

**FOR OFFICE USE ONLY**

Date Joined \_\_\_\_\_  
 Status \_\_\_\_\_  
 Loan Officer \_\_\_\_\_  
 Date \_\_\_\_\_  
 Term of Loan \_\_\_\_\_  
 Monthly Income \_\_\_\_\_



Section: Lending Policy  
 Subject: Borrow and Save  
 Proposed: 3/2014

**Loan Policy**

**Introduction**

The Borrow and Save product is geared directly towards individuals within our field of membership who are currently utilizing alternative high-priced banking products, such as those provided by payday lending establishments. Borrow and Save goes hand-in-hand with our efforts toward community development. The Borrow and Save product will typically include some introductory financial education and counseling in conjunction with loan closing. By pairing our financial products with financial education, we are developing a specialized product directed at our members that can also assist the community at large to learn about savings, asset building, and establishing or improving credit.

**Program Testing**

The Credit Union will participate in the program trial period of approximately 18 months, concluding with the end of the testing period in October 2015.

Loan Amounts and terms are indicated in the table below. These are non-traditional loans and are accounted for as such, with higher requirements for allowance for loan losses and increased provision for loss prevention activity and financial counseling.

The anticipated benefit to the existing or newly acquired member is large, in that a cycle of use of high priced credit is broken.

While the earnings from these loans is nominal, and the size of the anticipated portfolio is not material, the good will and stature and long term impact on the community is anticipated to be large.

The Borrow and Save loan and savings product, is a gateway to traditional loan services and checking and savings products, which when acquired will improve the member financial well-being, credit history and stability.

While an applicant's capacity is gauged an overall debt-to-income ratio is not obtained as a criteria for approval, amounts of payment and overall loan is predicated upon the applicant's proof of income. As compensating factors for this, financial education and counseling becomes a key component in this program. It is recognized that the loans granted under this program are higher risk, therefore higher contributions to the ALLL will be made and special handling of accounts by our Loss Prevention Department will be engaged. The loans granted under this program and therefore the contributions of the Credit Union in testing this Financial Services Incubator product are significant in advancing the efforts in consumer education and in assisting low and moderate income consumers (our members) achieve financial independence through credit union services.

**Loan Parameters**

Borrower Income	Loan Amounts	
	Size of Available Loan	Terms
\$1,000	\$300-\$500	3-6 months
\$1,500	\$300-\$1,000	3-12 Months

Interest Rate	Program Description	
	19%	No Fee
Fees	No Fee	
Terms	3-12 months	
Loan Amount	\$300-\$1,000	
Rollovers	None	
Minimum Payment	\$50	
Maximum Loans in 12 month Period	3	
Credit Report	Not used for credit underwriting, but is used for informational purposes only and program tracking for the Foundation and Filene Institute.	
Credit Score	A credit score is obtained and may be utilized in conjunction with financial education at loan closing and subsequently.	
Required Savings	25% of the loan amount.	
Financial Counseling	Appropriate financial counseling and financial education at time of loan closing.	

**Underwriting Considerations**

The following compensating factors can be taken into consideration in making loan decisions:

- One year consecutive employment
- Potential for increased earnings:
  - Current Student or in work force development classes
  - Demonstrating the drive and intention to make themselves more marketable in the job market
- Ability to accumulate savings
- Demonstration of financial education completed in the past
- Evidence of improved payment history
- Arrangement to satisfy past due accounts

Also considered will be information that would indicate that the applicant has already taken intentional steps toward:

- Self sufficiency
- Improving their employment and income
- Improving financial habits

For applicants with no credit history, we will ask for non-traditional documentation to verify credit worthiness:

- Proof of consistent rental payments
- Bank or utility statements that show three or more months of on-time payment history for utility bills, cell phone bills, or the like
- Proof of insurance premium payments in history
- Proof of child care payments in history
- Any recurring monthly obligation that demonstrates a pattern of behavior

# Marketing

**Carter Federal Credit Union**

**BRANCH LOCATIONS**

<b>SHREVEPORT</b> 6800 Bert Road Shreveport, LA 71129 318-688-3620	<b>MANIFIELD</b> 7280 Hwy 509 Manifield, LA 71062 318-672-2711
<b>BA YU WALK, BRIDGE</b> 6603 Water Drive Shreveport, LA 71105 318-688-2623	<b>MONROE</b> 913 Homer Road Monroe, LA 71205 318-382-9400
<b>HAUGHTON</b> Haughton Woodlands 1125 Hwy. 80 Haughton, LA 71037 318-949-1877	<b>MAANDOLA</b> 40 Hwy. 29 North Magnolia, AR 71753 870-219-2964
<b>SPRINGHILL</b> 100 W. Church St. Springhill, LA 71075 318-539-5922	<b>BOSSFORTH</b> 2440 Hwy. 271 North Savoy, LA 71071 (318)647-4276

CarterFCU.org  
Toll Free from anywhere in the United States  
(800) 367-5026

**Carter Federal Credit Union**

<b>Payday Lender</b>	<b>Borrow and Save Loan</b>
<b>\$500 for 90 Days</b>	<b>\$500 for 90 Days</b>
Fees and Interest equal to \$15 per \$100 borrowed every 14 days	Average 15% APR \$5 Application Fee
Total Cost for 90 Days \$450	Total Cost for 90 Days \$25.07
Amount in Savings Account after loan: \$0	Average Amount in Savings after loan: \$25
No Financial Educations	Financial Education Provided
Personal Information Sold	Confidentiality

**Carter Federal Credit Union**

**Sky One**  
FEDERAL CREDIT UNION

Join | Apply | Contact Us | About Us | ATM by City, State or Zip | Ask a question

**iSky Online Banking**

Checking & Savings | Loans & Credit Cards | Account Access | Financial Planning

Username: \_\_\_\_\_  
Forgot username / password | Register

**I need emergency cash fast**

[Apply Now](#)

**Borrow and Save**  
Get the funds you need while building the foundation for savings

Introducing Borrow and Save, a small dollar loan that helps you save. Even if you have less than perfect credit or limited income, Borrow and Save provides the cash you need without the sky-high interest rate of a payday loan. Borrow and Save can help build your credit and strengthen your financial health.

**How it works:**

- Take a loan
- Maintain
- Pay off the loan
- Get the savings

**Borrow and Save**



## Borrow and Save

Need cash now? **Borrow & Save** is a small, simple personal loan that puts money back in your pocket. No appointment necessary; get the details and apply at the teller line at any GCU branch.

- ✓ Multiple options available
- ✓ When your loan is paid off, you will have money in savings to use or keep
- ✓ Immediate approval with no credit check.

# ACKNOWLEDGEMENTS

This Borrow and Save Implementation Guide is made possible through several partnerships and funders including support from the Ford Foundation and Filene Research Institute. The Federation would also like to acknowledge the following:

The Federation and Filene would also like to acknowledge the following: the staff at the credit unions that initially tested Borrow and Save™ and those that participated in the second testing program with Filene’s Accessible Financial Services Incubator over the fourteen month period. Special thanks to Freedom First FCU and Together Consulting for their ongoing efforts to provide technical assistance to credit unions participating in the Incubator.

CREDIT UNION	LOCATION	ASSET SIZE	WEBSITE
<b>Initial Pilot Participating Borrow and Save CDCUs from 2011-2013</b>			
Freedom First CU	Roanoke, VA	\$391.2M	<a href="http://freedomfirstcu.com">freedomfirstcu.com</a>
North Side Community FCU	Chicago, IL	\$8.6M	<a href="http://northsidecu.org">northsidecu.org</a>
Santa Cruz Community CU	Santa Cruz, CA	\$105.5M	<a href="http://scccu.org">scccu.org</a>
Union Settlement Federal CU*	New York, NY	\$42.6M	<a href="http://lespeoples.org">lespeoples.org</a>
<b>Borrow and Save Incubator Participants from 2014-2015</b>			
Carter FCU	Springhill, LA	\$256.4M	<a href="http://carterfcu.org">carterfcu.org</a>
Communicating Arts CU	Detroit, MI	\$30.4M	<a href="http://cacuonline.org">cacuonline.org</a>
Freedom First CU	Roanoke, VA	\$391.2M	<a href="http://freedomfirstcu.com">freedomfirstcu.com</a>
Guadalupe CU	Santa Fe, NM	\$138.3M	<a href="http://guadalupecu.org">guadalupecu.org</a>
Hope CU	Jackson, MS	\$176.0M	<a href="http://hopecu.org">hopecu.org</a>
Lake Trust CU	Lansing, MI	\$1.6B	<a href="http://laketrust.org">laketrust.org</a>
North Side Community FCU	Chicago, IL	\$8.6M	<a href="http://northsidecu.org">northsidecu.org</a>
Peninsula Community FCU	Shelton, WA	\$162.5M	<a href="http://pcfcu.org">pcfcu.org</a>
Seasons FCU	Middleton, CT	\$153.9M	<a href="http://seasonsfcu.org">seasonsfcu.org</a>
Southwest 66 CU	Odessa, TX	\$83.7M	<a href="http://southwest66.com">southwest66.com</a>
SkyOne FCU	Hawthorne, CA	\$437.5M	<a href="http://skyone.org">skyone.org</a>

\*Union Settlement (now Lower East Side People’s Union Settlement branch)

## About the Federation

The National Federation of Community Development Credit Unions is a certified CDFI Intermediary representing community development credit unions (CDCUs). The Federation’s member CDCUs provide credit, savings, transaction services, and financial education to more than five million residents of low-income urban, rural, and reservation-based communities across the US, and hold over \$45 billion in community-controlled assets. Founded in 1974, the Federation is headquartered in Lower Manhattan with offices in Madison, Wis. We offer a wide range of advocacy, educational, training, investment, marketing, and outreach programs to support and assist CDCUs. For more information about the Federation and its programs, please visit [www.cdcu.coop](http://www.cdcu.coop).

## About Filene

Filene Research Institute is an independent consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues vital to the future of credit unions and consumer finance. We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: “Progress is the constant replacing of the best there is with something still better.” Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations. Filene is a 501(c)(3) not-for-profit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at [www.filene.org](http://www.filene.org).

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# ENDNOTES

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- <sup>1</sup> <http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf>
- <sup>2</sup> <http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf>
- <sup>3</sup> <http://www.fdic.gov/householdsurvey/>
- <sup>4</sup> CFSI webinar on 11/17/15: Saving Habits and the Financially Struggling Majority
- <sup>5</sup> Pew Research Center, Payday Lending in America: Who Borrows, Where They Borrow and Why, 2012
- <sup>6</sup> A Guide to Creating a Profitable and Consumer Friendly Product, Illinois Asset Building Group