



# Inclusiv

**inclusiv.org**



Inclusiv, formally known as the National Federation of Community Development Credit Unions, has worked to improve access to appropriate products through partnerships between community development credit unions and human-serving organizations. The core-operating systems of credit unions does not permit the range of tracking and information functions needed to facilitate asset-building programs such as match-savings accounts or small dollar loans. To address this, Inclusiv developed CU Impact, the first core-operating system designed with needs of lower-income populations in mind. With this investment, Inclusiv will make secondary capital investments of approximately \$250,000 into each city-focused community development credit union that switches to CU Impact. Secondary capital is a type of subordinated debt that the credit union can count toward its regulatory minimum equity levels and therefore a powerful tool to promote growth.

### Why Was This Needed?

**Challenge:** Community development credit unions (CDCUs) have nonprofit status that limits the ways they can raise third-party growth capital, especially growth equity. Meanwhile, converting to a new operating system is an arduous process and often too costly for many community-based credit unions to justify.

**Response:** Through this effort, these credit unions get access to a platform built to promote opportunity, while getting the technical assistance needed to implement it and the capital needed to support a growing stream of clients. The infusion of secondary capital allows CDCUs to increase member deposits (and hence membership) up to 10 times the investment. CDCUs then deploy this new liquidity into communities in the form of small-dollar consumer loans, auto and small business loans and affordable mortgages.

#### Impacted Location



**National**

#### Year Approved

**2017**

#### Type of Transaction

**PRI Loan**

#### Kresge Program

**Human Services**

#### Amount of Investment

**\$1 million**

#### Grant Support

**\$50,000**

#### Term of Investment

**2% over 10 years**



### About the Borrower

Inclusiv is an association of Community Development Credit Unions (CDCUs) that seeks to help low- and moderate-income people and communities achieve financial independence through credit unions. Since 1974, Inclusiv has promoted financial inclusion by organizing, supporting, and investing in CDCUs, which specialize in serving populations with limited access to safe, responsible, and affordable financial services, including low-income wage earners, recent immigrants, and people with disabilities. Inclusiv also has played a key role as a policy advocate for the industry; in the aftermath of the Great Recession, it successfully lobbied for federal support for low-income serving credit unions to have access to TARP. It also worked with the National Credit Union Administration to create secondary capital and, in more recent years, to improve its efficiency. Inclusiv has worked to foster, evaluate, and scale the integration of financial capability into human service organizations through partnerships with credit unions.

### Impact Measure

20 credit unions have implemented or plan to implement the system

## Key Considerations



**Joe Evans**  
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- » In 2016, Kresge launched an initiative called Kresge Community Finance to invest millions through a standard loan offering in Community Development Finance Institutions (CDFIs) and Development Finance Agencies (DFAs) working in ways aligned with Kresge program strategies.
- » CDFIs and DFA responded with requests for more than \$280 million in investment. Ultimately, 14 organizations received financing totaling \$30 million through PRIs – including Inclusiv.
- » This loan directly creates up to \$10 million in balance sheet room for new financial products for human service client populations and other CDCU members. The potential opportunity and impact for CDCUs to deliver affordable, responsible and unique financial services through human services networks is significant.
- » The first customized product available on the system will be automated small dollar loans that will allow for application, processing and disbursement via mobile app, something Human Services organizations have requested.