Challenge and Solution

Many of the entrepreneurs Accion works with are not yet bankable: when they approach banks, they’re turned down for financing for a number of reasons (e.g. loan request size is too small, damaged credit, limited operating history). The small business owners are prime candidates to be Accion clients and bank customers. Yet, Accion Serving Illinois and Indiana has a minimal marketing budget to reach entrepreneurs in its wide service area.

To encourage and grow a mutually beneficial relationship with banks, Accion has established a more robust Referral Partnership Program. The CDFI’s lending staff educate banks across its service region to direct entrepreneurs who don’t qualify for bank loans to Accion, and in return, encourage entrepreneurs to open business checking accounts or consider other business products with the referring institution.

How It Works

- **Banks** refer potential or current account customers who don’t qualify for small business financing to Accion.
- **Accion’s Community Lenders** cultivate and track relationships with banks and work with entrepreneurs referred by the banks to provide personalized business coaching and loans ranging from $500 - $100,000.
- **Entrepreneurs** build credit, grow their businesses, and potentially become bankable with Accion support and financing.
- **Accion** refers the entrepreneurs back to banks for deposits, merchant services, and later financing.

To incentivize—and acknowledge—its bank partners, Accion has created a friendly referral partner competition. Each month, the CDFI issues a “Scoreboard” that highlights the top five referring institutions and top five referring individuals. Once a year, at Accion’s annual fundraiser, the CDFI recognizes the year’s top bank and top individual referrers.

Benefits

The program is a triple win: banks help current or potential business customers and grow deposits; Accion reaches new borrowers, helping more entrepreneurs in underserved communities; and entrepreneurs have opportunities to learn, grow their businesses, and ultimately connect to mainstream bank financing.

In 2018, 31 percent of clients who received a loan from Accion came from bank referrals. These referrals are a critical source of clients for an organization that aims by 2021 to serve at least 2.5 percent of the nearly 280,000 businesses with fewer than 10 employees in its service area.
About Accion Serving Illinois and Indiana

As a member of Accion’s nationwide network of nonprofit lenders, Accion Serving Illinois and Indiana helps neighborhood entrepreneurs grow. We provide the capital, coaching, and connections small business owners need to create wealth and jobs throughout Illinois and Indiana. By partnering with entrepreneurs, Accion offers the most cost-effective way to invest in underserved communities. Where small businesses thrive, jobs are created, and investment into the community increases.

**Founded:** 1994  
**Type of CDFI:** Loan Fund  
**Target Market:** Underserved entrepreneurs in Illinois and Indiana  
**Types of Lending:** Small Business  
**Financing Outstanding (2018):** $4.1 million  
**Clients Served (2018):** 2,549  
**Customers:** 41% women, 41% black, 29% Latino, and 80% low-moderate income owned small business  
**Website:** us.accion.org/chicago

“Accion would not have worked with many of our clients were it not for them walking into a local branch of one of our bank partners—like Fifth Third Bank or Bank of America. The entrepreneurs talked to bankers who knew us and our mission. For Accion, these referrals mean we are able to disburse more dollars to business owners we would never have otherwise reached.”

— Jackie Merlo, Manager of Development, Financial Institutions

*This is one in a six-part series of cases studies spotlighting CDFIs (community development financial institutions) in the Wells Fargo Diverse Community Capital network, which is funded with a $175 million commitment in capital and has already supported more than 40,000 jobs and $390 million in financing for diverse small businesses. CDFIs are private financial institutions dedicated to delivering responsible, affordable lending and financial services to help underserved people and communities join the economic mainstream.*

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