



## Alternatives to Payday Loans: Employer-Based Small Dollar Loans

Ginger McNally, OFN; Nick Mitchell-Bennett, Rio Grande Valley Multibank Corporation  
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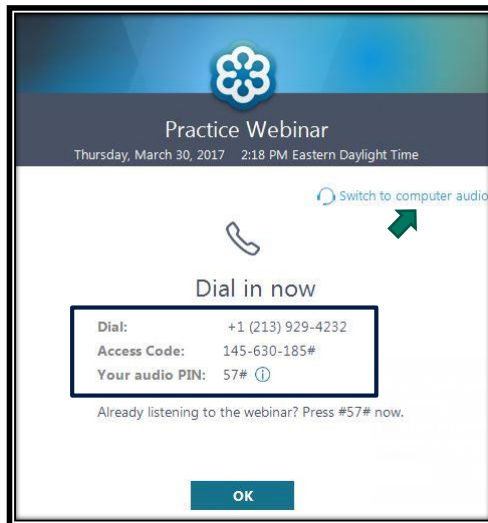
## Alternatives to Payday Loans: Employer-Based Small Dollar Loans

- Welcome
- Webinar Highlights
  - Employer-Based Small Dollar Loans Knowledge Network
  - Learnings from the Knowledge Network
  - Successful EBSDL Expansion Model: Rio Grande Valley Multibank
- Next Steps

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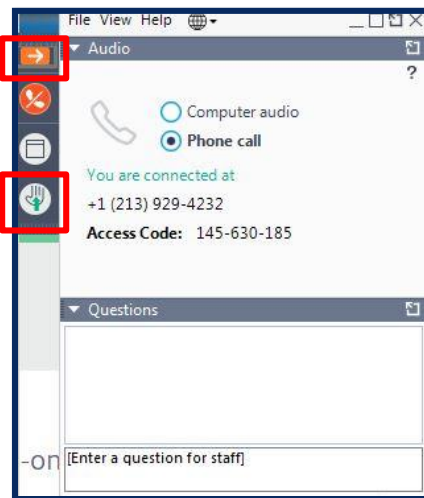
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## Employer-Based Small Dollar Loans Knowledge Network

- Knowledge Network
  - Prudential support for responsible consumer finance
  - Nine CDFIs offering products + 2 partner experts
  - Commitment to expansion, partnership, replication

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## Employer-Based Small Dollar Loans Knowledge Network

### ■ Participating CDFIs

- Brazos Valley CDC
- Citizen Potawatomi CDC
- North Country Federal Credit Union
- Nusenda Federal Credit Union
- Rio Grande Multibank Corporation
- Southern Bancorp
- Spring Bank
- Sunrise Banks
- Veridian Credit Union

### ■ Partner Experts

- Center for Financial Services Innovation (CFSI)
- National Federation of Community Development Credit Unions

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## Presenters



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Expanding Employer-Based Small Dollar  
Loan Programs and the CDFI Industry:  
**Learnings from the Knowledge Network**



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## Learnings from the Knowledge Network

- Marketing, Outreach, and Employer Engagement
  - Marketing differently to three audiences
    - Employers
    - Partners that work with employers
    - Employees
  - Challenges in reaching potential customers

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## Learnings from the Knowledge Network

### ■ Customer Experience

- Direct competition with payday lenders
- Convenient, speed, confidentiality are critical
- Challenges in delivering right customer experience

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## Learnings from the Knowledge Network

### ■ Technology

- Enabling scalability
- Facilitating collaboration
- Reducing expenses and generating savings
- Faster turnaround time for customers
- Challenges with technology

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## Learnings from the Knowledge Network

### ■ Financial Counseling

- Typically not required
- May be offered as a service
  
- Challenge of strengthening borrowers' financial resilience

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## Learnings from the Knowledge Network

### ■ Impact and Outcomes

- Outcomes on the institution
  - Number and volume of loans
  - Delinquency and charge-offs
  - Use of other products
- Impact on borrowers
  - Avoid predatory products
  - Increase in financial health
  
- Challenge of collecting impact data

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## Learnings from the Knowledge Network

### ■ Partnerships

- Create awareness and access to programs
- Critical to success of programs
  - National partners
  - Local partners
- Challenges to creating sustainable partnerships

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## Questions?

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**Nick Mitchell-Bennett**  
Executive Director  
Administrator

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## Who is the Rio Grande Valley Multibank?



- RGVMB is a for-profit stockholder held CDFI started in 1994
- The CLC started in 2011 as a wholly owned subsidiary of the RGVMB

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## Who is the Rio Grande Valley Multibank?



- Three loan products
  - Mortgage Loans
  - Interim Construction Loans
  - Small dollar consumer loans



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## CLC Loan Product

- \$1,000 Loan Maximum
  - Or up to half of borrower's monthly gross pay
  - One Year Loan term
- 18% Interest (21.83% APR)
- \$20 origination fee
- Relaxed underwriting
- No collateral
- No Prepayment Penalties
- Lenders Report to Credit Bureaus
- Repayments \$23.38/week or \$94/month

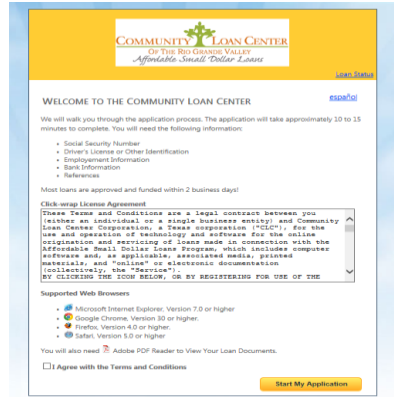


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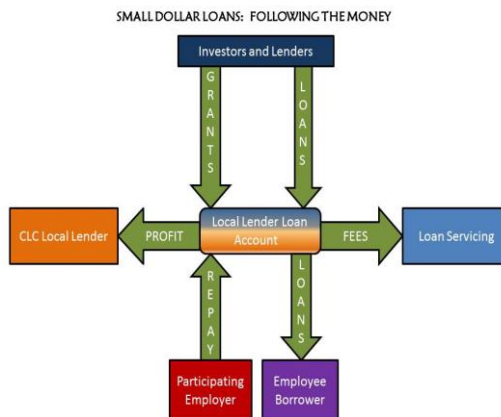
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# Online Loan Origination System

- Proprietary Online Software (KENN System)
  - Online Application (open 24 hours)
  - Employer Portal (verify employment, payment)
  - Local Lender Administrative Portal
  - Administrative Portal
    - Loan servicing, fund transfer, payments
- Jobs and Processes Automated for Efficiency



# CLC Network Relationships



## Nationwide Expansion

To date, we have CLC partners in the following areas:

- Rio Grande Valley
- Laredo
- Houston
- Austin
- Dallas
- Waco
- Brazos Valley Council of Governments area
- Northeast Indiana
- West Central Indiana
- Baltimore, Maryland

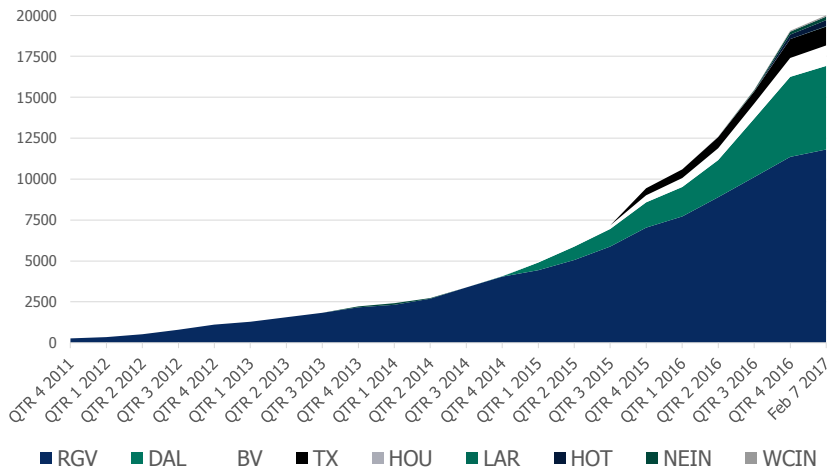


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## CLC Loan Originations October 2011 – February 2017

Community Loan Center Cumulative Production



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## Questions?



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## Learnings from the Knowledge Network

### ■ Next Steps

- Expand research on impact
- Explore additional partnerships
- Share replicable models

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## Questions?

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## Contact Information

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