



beneficial state foundation

"Building Better Banks" Case Study Series: Alternatives Federal Credit Union

Beneficial State Foundation's mission is to change the banking system for good. These case studies highlight some of the exceptional work banks and credit unions are doing in the areas of Diversity, Equity, & Inclusion, Environmental Stewardship, Good Governance & Leadership, and Alternative Credit Underwriting & Services. We hope that spotlighting mission-driven business and banking practices will inspire bankers to bring similar approaches to their workplaces. Imagination precedes accomplishment, and being a good bank is profitable. [This case study spotlights the exceptional Alternative Credit Underwriting & Services that Alternatives Federal Credit Union prioritizes.](#)

Industry Challenge for Alternative Credit Underwriting & Services:

Historically, the financial services industry has operated from a place of exclusion; exclusion of BIPOC (Black, Indigenous, People of Color), LGBTQ+, women, and other historically marginalized peoples. Expanding who has access to capital and innovating new products and services is how banks and credit unions will stay competitive and close the racial wealth gap. Let's see how Alternatives Federal Credit Union is striving to build a better credit union.



ABOUT ALTERNATIVES FEDERAL CREDIT UNION

Since 1979, AFCU's mission has been to build wealth and create economic opportunities for underserved people and communities. They are leading an economic movement to create thriving, empowered communities with financial freedom for everyone.

([Link: Our Mission and Vision](#)).

LOCATIONS & FINANCIALS

Alternatives Federal Credit Union is headquartered and operates locations solely in New York.

- Assets: \$145.2 M (2020)
- Assets Growth Rate (YTD): 25.73%
- Net Income: \$224,041 (2020)
- Return on Equity: 2.43% (2020)
- Return on Assets: 0.17% (2020)
- Net Interest Margin: 3.24% (2020)
- Loan/Deposit Ratio: 69.24%
- Capital Ratio: 6.33% (2020)
- Efficiency Ratio: 88.83% (2020)
- Texas Ratio: 18.31% (2020)

MIGHTY DEPOSITS

Mighty Deposits is a comparison tool to help the public better understand where their money goes after it is deposited at their bank or credit union.

For every \$100 a customer deposits at Alternatives Federal Credit Union, an estimated \$73 is reinvested in the community. This is 14% higher than the industry average. Low-income Communities and/or Communities of Color, Housing, and Overall Community Financing are the top three likely places a depositor's money would go at Alternatives Federal Credit Union.



IMPACT HIGHLIGHTS



Provided Free Tax Preparation for 27,000 Returns, Bringing \$49 Million in Refunds.



43% of Small Business Consultations are for People of Color and 79% are for Women.



2014 NCUA's #1 Community Development Financial Institution.



All Employees Receive 3 Hours of Paid Volunteer Time Per Month.



658 1:1 Financial Counseling Appointments.



23 First Time Home Buyers (2019).

"At AFCU, we strive to balance the mitigation of credit risk with serving a community through character-based loan decisioning and non-traditional underwriting."

**Branka Gligoric,
Sr. Business Loan Officer**



ALTERNATIVE CREDIT UNDERWRITING & SERVICES SPOTLIGHT



(Courtesy of AFCU)

TransAction Financial Empowerment Program

AFCU and Planned Parenthood partnered to offer one of the first transgender and non-binary community support programs. The TransAction Financial Empowerment Program provides funds to support gender affirmation, such as hormone therapy and procedures. This program includes loans and lines of credit of up to \$20,000 each.

Credit unions and banks need to pivot to reflect the needs of their communities. AFCU recognized a community need, approached a local organization with issue-area expertise, and co-developed a loan product to address the challenge trans/non-binary people were facing in their community.

AFCU noted that local community organizations are incredibly willing to partner with mission-aligned financial institutions to problem-solve local issues. We asked AFCU if they feared backlash from joining with Planned Parenthood. They stated:

"It's important to stick to your values. You can't avoid doing the right thing for fear of losing business because doing the right thing brings business."

-Chris Cain,
Chief Experience Officer

ALTERNATIVE CREDIT UNDERWRITING & SERVICES SPOTLIGHT

2021 Initiatives: ReEntry Loan Program

AFCU's ReEntry program will provide previously incarcerated people with access to capital. The loan cap is \$700 with interest rates between 2.75-4% (share secure loans). AFCU offers these loans through the credit union's 501(c)3 arm, Alternatives Impact. Launching the ReEntry program through the non-profit lets AFCU bypass traditional credit barriers to focus on people's connections to the community.

2021 Initiatives: BIPoC Prosperity Fund of Tompkins County

About

AFCU is building a network of community organizations (primarily BIPoC-led: Black, Indigenous, People of Color) to address home and business ownership. They will provide Individual Development Accounts, micro-grants, and business/financial counseling. Their goal is to shrink the racial wealth gap in Tompkins County, NY.

What is an IDA?

It is a matched saving plan to help folks get access to capital without the risk of borrowing money. AFCU will help 26+ families open a Housing IDA that will provide an 8:1 match for up to \$20,000 for a down payment. They will also provide 50+ BIPoC businesses with a 2:1 match up to \$2,000.

How can you do this in your community?

AFCU stated, "We do not stand alone in trying to change the experience of BIPoC in Tompkins County. We are working with local partners to develop this project. BIPoC-led organizations, groups, and churches are on the front lines serving Tompkins County's BIPoC community, and it is they who are best equipped to refer BIPoC to the program and to provide support to participants." AFCU suggests reaching out to local community organizations to ask about their willingness to partner and offer similar programs.

AFCU's TransAction Loan Program, ReEntry Loan Program, and the BIPoC Prosperity Fund of Tompkins County are all tremendous examples of alternative programs other banks and credit unions should consider offering. To learn more, email Dante Acquavella (dacquavella@alternatives.org) or Bea Nellenback (bnellenback@alternatives.org).





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Thank you for your engagement with this case study on Alternatives Federal Credit Union.

This is part of a series of case studies on financial institutions, published by Beneficial State Foundation.

For information about how Beneficial State Foundation can support your bank's corporate social responsibility strategy, **[please click here to contact us.](#)**

