

Solidarity Economy Briefs: COMMUNITY DEVELOPMENT CREDIT UNIONS (CDCUs)

The U.S. Solidarity Economy Network stands in solidarity with the Occupy Wall St. movement. As a network of groups, activists and solidarity economy practitioners, we seek to transform our economic system into one that *puts people and planet front and center – an economy for the 99%*. *Another World* is not only possible, it already exists, in many, many forms. The solidarity economy, grounded in principles of solidarity, participatory democracy, sustainability, equity in all dimensions, and pluralism (not a one-size-fits-all model) is a fast growing global movement. We offer these Solidarity Economy briefs to provide a glimpse into some of the aspects of the solidarity economy that exist all around us.

WHAT ARE CDCUs?

More than sixty years ago, a small number of credit unions were founded with the specific mission of serving low-income and minority communities beyond the reach of banks and even mainstream credit unions. These so called community development credit unions (CDCUs) have a special mission of providing affordable financial services; access to credit, financial literacy education, and other lifeline services to predominantly low- and moderate-income people and communities nationwide. They specialize in serving populations generally considered among the hardest to serve, including low-income wage earners, recent immigrants, native communities, older adults and people with disabilities.

CDCUs are:

- Nonprofit and tax-exempt (but not a charity)
- Cooperatively-owned and governed -- one member, one vote
- Government-regulated, fully insured financial institutions

CDCUs provide:

- Fairly priced loans, even to members with imperfect, limited or no credit history
- A safe place to save and conduct transactions at reasonable cost
- Financial education and counseling for its members
- Products, services and support programs to help members avoid high-cost predatory debt, gain control over their personal finances and achieve economic independence.



Illustration by RR Anderson.

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CDCUs & COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIs)

CDFIs play an important role in developing and sustaining communities that are underserved by larger banks and that would otherwise lack the funds to transform struggling neighborhoods into healthy, sustainable communities. There are a number of different kinds of CDFIs, the most important of which are community development credit unions, community development banks, community development loan funds and community development micro enterprise funds. CDCUs make up an important segment of the CDFI movement, and in fact, more than 20% of all CDFIs are CDCUs, a number that continues to grow.

WHY SUPPORT CDCUs?

CDCUs offer an economic lifeline to communities abandoned by commercial banks and targeted by high-priced check cashers and predatory lenders.

CDCUs provide a platform to serve the broader community through outreach to disadvantaged populations and neighborhoods, participation in government programs, and partnerships with the private-sector in community revitalization efforts.

Every CDCU was founded in the belief that those who work hard deserve the opportunity to achieve financial security. Each CDCU can tell a story of beating the odds, helping the vulnerable, and pursuing a mission that is as large as the American Dream and as specific as the future of a single child.

JOIN A CREDIT UNION!

Not all credit unions are CDCUs, but all credit unions are not-for-profit, member-owned cooperatives whose sole mission is to maximize quality service to their member-owners (i.e. depositors). With all-volunteer directors elected from among their membership, credit unions are the only democratic financial institutions: one member, one vote, regardless of the amount of total deposits or loans outstanding.

All credit unions operate in solidarity with the cooperative principles of inclusion and cooperation, and while federal law currently prohibits credit unions from serving the general public, most Americans have access to credit unions through their employer, union, organizational affiliations such as churches or clubs, or through their home community.

To search by zip code for a credit union to join, go to: <http://www.findacreditunion.com/>.

FURTHER RESOURCES

- National Federation of Community Development Credit Unions: <http://www.cdcu.coop>.
- U.S. Department of the Treasury CDFI Fund: <http://www.cdfifund.gov>.
- Center for Responsible Lending: <http://www.responsiblelending.org>.
- Coalition of Community Development Financial Institutions: <http://www.cdfi.org>.
- CDFI Data Project (2001 – 2008): <http://www.cdcu.coop/i4a/pages/index.cfm?pageid=760>.
- The Credit Union Difference: http://www.cuna.org/gov_affairs/legislative/cu_difference.html.

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