



CNote & Latino Community Credit Union:

The Case For Reaching More Impact Investors

This case study highlights how Latino Community Credit Union was able to increase its deposit base by partnering with impact investment platform CNote, which routes investment dollars into CDFI Banks and low-income designated credit unions.



May 2020



About Latino Community Credit Union

Latino Community Credit Union was founded in 2000 as a grassroots response to a wave of robberies and muggings of Latino immigrants in Durham, North Carolina. Since then, it has become a national model for credit unions and community development financial institutions seeking to serve unbanked individuals and immigrant communities. Latino Community Credit Union’s mission is to provide “Ethical Financial Products & Education to Empower Communities” and envisions strong local communities with opportunities to create wealth for themselves and future generations to help bridge the Latino wealth gap.



About CNote

CNote is an award-winning, first-of-its-kind financial platform that allows anyone to make money investing in causes and communities they care about. With the mission of closing the wealth gap, CNote directs every dollar invested toward funding female- and minority-led small businesses, affordable housing and economic development through its nationwide network of CDFI community lenders and credit unions.



A Growing Challenge

When it comes to challenges, Latino Community Credit Union (LCCU) has a good one: it's growing. Fast. The 20-year-old credit union (CU) is one of the fastest-growing CUs in the country, and it has no plans of slowing down anytime soon.

However, like other low-income designated CUs and CUs experiencing high-growth levels, LCCU faced another common industry challenge: **the need to grow and diversify its deposit base to support growth.**

“For us, we had a need for ongoing sources of deposits,” said Alison Beck Yonas, LCCU’s senior vice president of development and strategic investments. “As a low-income designated CU, our

members have a greater need for credit than the capacity to save and fund those loans.” She added that “Around 65% of LCCU’s loan recipients that come to us are underbanked and do not have a traditional credit history. Furthermore, 81% of our mortgages are to first-time homebuyers and 76% to low-income homeowners.”

Traditionally, LCCU has relied upon institutional and socially responsible depositors to help supplement growing member deposits to fill the gap. However, because of LCCU’s fast growth, it is always looking for new sources of deposits that can help support the growing demand.



CNote is looking to drive more deposits into credit unions and CDFI banks to increase access to financial resources and lending for businesses like CIC Floors, pictured.

The Promise Account

LCCU found a partner in this goal with [CNote](#), a women-founded and -led financial technology company that had built an unparalleled, first-of-its-kind platform centered on impact investing.

Since 2016, CNote has helped mission-driven institutions invest tens of millions of dollars in a national network of proven [Community Development Financial Institutions](#) (CDFIs), providing female- and minority-led small businesses and economic development projects access to capital that enhances communities across the country.

LCCU connected with CNote via the [Opportunity Finance Network](#) (OFN), which knew CNote was innovating in the community investment space with products like their [Promise Account](#). The new, fully insured cash management solution gives investors a single place to achieve attractive market-rate returns while fostering positive social impact. On the receiving end of those investors' minimum \$250,000 investments are CDFI Banks and low-income designated CUs like LCCU.



What is the Promise Account?

The Promise Account fills a gap for institutional investors like foundations that want to support financially underserved communities across the country while generating competitive returns on their cash allocations. CNote invests Promise Account dollars in depository products, such as money market accounts and CDs, from vetted FDIC- and NCUA-insured CDFI banks and credit unions. CNote optimizes this basket of products to achieve the highest returns with 90-day liquidity, or better, for account holders. Individual accounts are fully insured up to \$3 million through FDIC or NCUA.

Building on a Proven Framework

CNote’s entry into the cash market, and partnership with credit unions like LCCU, is preceded by nearly four years working with CDFI loan funds and deploying tens of millions through CNote’s nationwide network of CDFI partners. CNote’s role as an innovative capital source for loan funds sets the foundation for expansion to other community investment activities, including partnering with CDFI banks and low-income designated credit unions to foster more economic activity in underserved communities.

“When we first heard about CNote, we asked how and if we could be included in the portfolio,” Yonas said. “It seemed that we were a possible option for them, but CNote needed as much of the process as possible to be electronic and systems-based, so we needed to find workarounds within our own systems to communicate as needed. We needed to ensure that we were speaking the same language.” Leveraging technology allows CNote to keep costs down and increase the value it offers its partners and its investors.

Together, LCCU and CNote made it work. Yonas says CNote’s leadership team was instrumental in finding solutions to get LCCU up and running on CNote’s investment platform. “While there were various ways that working with a CU was new for CNote,” she said, “they were not deterred.”



CNote co-founder Yuliya Tarasava (pictured, right) at the OFN CDFI Conference. CNote is expanding on its success working with CDFIs by partnering with credit unions to grow its community finance reach.

More Visibility, More Investors

By plugging itself into the receiving end of The CNote Promise Account’s fund flow, LCCU received instant access to more investor deposits. In turn, those investors were offered competitive returns on their cash allocations and 90-day, or better liquidity. Equally, funds deployed with LCCU are fully-insured for \$250,000 per depositor through the federal National Credit Union Administration (NCUA) and its National Credit Union Share Insurance Fund (NCUSIF) program.

More so, LCCU was able to broaden its market and add to its deposit base. “While we have hundreds of institution depositors,” Yonas said, “CNote is one of the most public-facing of those organizations, with new potential to help bring CDFI banks and low-income designated credit unions greater visibility.”

In the end, The CNote Promise Account funds are one way for LCCU to keep meeting its members’ growing demands for mortgage, consumer, creditbuilder, and microbusiness loans.

“Just like we benefited from the funds on deposit we received from CNote, which have the potential to grow,” said Yonas, “we’ve benefited from the organization’s energy and collaborative approach. We at LCCU help people access and thrive in the formal financial system, and CNote wants to add to this industry.”

LCCU looks to expand on its already remarkable growth of over 145% in assets over five years. This continued growth will further [LCCU’s community impact](#), where it has seen its 84,000 plus members receive over \$854 million in local financing at a 99% repayment rate.

CNote is hoping to further the great work by LCCU and other credit-union partners, by providing access to new investors and funds and scaling a robust and proven community-based finance model.



Photo Credit Latino Community Credit Union

Learn More

Interested Credit Unions and CDFI Banks can contact CNote at info@mycnote.com.



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