



**Federal Reserve Bank of St. Louis
Investment Connection Proposal**

Proposal title	Partnering to Bring Increased Credit Building and Lending Access to St. Louis: A mission aligned partnership with the Urban League of Metropolitan St. Louis to serve credit challenged people of St. Louis
Contact	Laura Woods
Title	Vice President of Marketing and Community Presence
Email address	lwoods@1stfinancialfcu.org
Phone	636-916-8303
Organization name/address	1st Financial Federal Credit Union Wentzville, Missouri 63385
Mission statement	1st Financial Federal Credit Union is dedicated to providing community development assistance throughout St. Louis City, St. Louis County and St. Charles County by offering products, services and educational programs to all potential members, regardless of economic status.
Overview of organization	1st Financial Federal Credit Union is a nationally recognized CDFI serving the greater St. Louis area for the last 50 years, focused on a core purpose of “Helping people achieve their financial dreams”. 1st Financial, has built a foundation upon serving low income consumers with non-intimidating access to asset building loan and deposit products. All community development efforts of this credit union are focused on supporting education, job training and

	<p>sustainable housing programs. Through this focus, the credit union has formed important partnerships with the Treasurer of the City of St. Louis, St. Louis Agency on Training and Employment and many nonprofits throughout the area, just to name a few. As a result of these partnerships, the credit union has opened over 10,000 college savings accounts for every kindergarten in the St. Louis public and charter school district and thousands of free checking and savings accounts for at-risk youth, as well as adults participating in workforce programs throughout St. Louis.</p> <p>55% of 1st Financial members qualify as low-income and 35% reside in their certified CDFI investment area, which consists of 203 census tracts in the greater St. Louis metropolitan area. They are proud to have built 50% of their branches in low income investment areas and to have partnered with many local government and nonprofit programs, directly serving the most vulnerable and at-risk communities. In an effort to combat the growing transportation and predatory lending problems in St. Louis, 1st Financial has become increasingly focused on auto lending to low credit and at-risk consumers. Since introducing a lending model to include access to lower credit tiers in 2014, 1st Financial has steadily increased their loan portfolio by 20%. 55% of those loans were issued to Low Income Target Population (LITP) borrowers, which accounted for 44% of the total amount of loans.</p>
Website	www.TheBetterWayToBank.org
Social media link(s)	<p>Facebook</p> <p>https://www.facebook.com/1stFinancialFederalCreditUnion</p>
Location of project/activity	<p>St. Louis, MO-IL (MSA)</p> <p>Missouri</p> <p>St. Louis City and St. Louis Counties</p>
Geographic Impact	<p>Citywide</p> <p>Countywide</p>
Support request	Grant
Requested dollar amount	103,000

<p>Proposal description and structure</p>	<p>1st Financial plans to deploy a full time Financial Empowerment Specialist in St. Louis to provide personal budget and credit coaching in partnership with the Urban League of Metropolitan St. Louis. They have designed a partner agreement which allows them to serve Urban League of Metropolitan St. Louis clients with financial counseling, as well access to lending and deposit opportunities. Reportable impacts for the program partner and funders will include measuring increased credit scores, increased financial assets and number of loans deployed. 1st Financial has been adding products and services over the last four years in a strategic effort to create access for households with low or no credit or strong financial history. Through these efforts, 1st Financial has created checking accounts for every type of consumer, accessible credit build loans, which effectively raise credit scores by an average of 60 points, and auto loans for consumers with storied or no credit history.</p>
<p>Issues addressed</p>	<p>Financial Access, Capability and Empowerment</p>
<p>Target population/geography</p>	<p>1st Financial Federal Credit Union's target market is defined as low income targeted populations which encompasses low income neighborhoods and low-wealth suburbs in St. Louis, many of which are characterized by growing poverty. 1st Financial uses a segment of 203 census tracts in the St. Louis city and county area as a measure to effectively track and set goals for some of the most egregiously affected areas of poverty and traditional banking divestment. According to the FDIC's 2013 survey, St. Louis area households were unbanked or underbanked at a rate of 23.4%, slightly above the national average, however 50.8% of African American residents of the St. Louis area were either unbanked or underbanked - nearly double the national average. The Urban Institute also recently reported a large disparity of credit score in St. Louis as predominately black neighborhoods reported an average credit score of 552, while white areas of St. Louis averaged over 730.</p>
<p>Population served including income</p>	<p>Currently St. Louis residents report as 47.9% black and 45.6% white (US Census 2016 - 5 Year Survey) and while the</p>

	<p>area boasts a diverse population unlike most communities throughout the country, economic advancement has most directly been directed to highly segregated white neighborhoods. While St. Louis has an average poverty rate of 26.72%, this disproportionately effects families of color (37.33%) over white households (13.96%). Unfortunately, 15.46% of St. Louis residents report less than a 12th grade education. The average household median income for residents of St. Louis is \$36,809. This dramatically decreases to \$17,251 for households with less than a high school education (2012 -2016 American Community Survey 5 Year Estimates).</p>
<p>Anticipated outcomes/impact</p>	<p>The credit union is looking forward to the future, with eyes on meeting the high demand for safe lending and asset building in low income communities in St. Louis. In the first three years of the proposed program with the Urban League of Metropolitan St. Louis, 1st Financial has a goal to deploy \$3.3M in low rate auto and personal loans, as well as provide access to 300 checking and savings accounts, more than 200 asset protection products, over 100 credit building products and also expand community development and financial literacy services in St. Louis, thereby boosting job creation and helping to eliminate poverty within the credit union Target Market. In early 2019, 1st Financial will set benchmarks for those census tracts and set realistic goals for how they expect to see growth and financial improvement in those neighborhoods over the next three years as this program begins.</p>
<p>How will the program be evaluated</p>	<p>1st Financial will be offering a detailed quarterly analysis of product deployment, credit score migration, debt balances, and payments made to pay day lenders from clients in the just over 200 CDFI certified census tracts which are considered low income or living below the median household income in the St. Louis area. The census tracts are in the heart of the Urban League service areas, namely their Ferguson Empowerment Center.</p> <p>Quarterly, 1st Financial will use data from their internal core systems, Texas A&M Geoservices, Experian and TransUnion to measure growth and successes in specific census tracts. In this report, funders and program partners could expect to see the following metrics:</p>

	Number of Members Number of Loans Balance of Loans Balance of Assets Average Credit Score (from credit bureau) Average Balance of Debt (from credit bureau) Number of Declined Loan Applications Number of Payments to Pay Day Lenders
Project time frame	New Program Project Duration: Ongoing Program
Other significant partners in the proposal	Urban League of Metropolitan St. Louis Program Management https://www.ulstl.com/
Time/Date Received	8/20/2018 2:56:57 PM