



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 CNote, a women-led investment platform which routes individual and institutional investor dollars into CDFI Banks and Low-Income Designated Credit Unions.



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 a women-led investment platform that empowers individuals and institutions to invest locally to further economic equality, racial justice, gender equity, and address climate change. With the aim of closing the wealth gap, CNote's fixed income and depository products provide a diversified and scalable way to support job creation, small business growth, affordable housing development, and lasting economic growth in communities that need it most. CNote technology allows anyone, from large corporations to first-time investors, to generate measurable social and economic returns by investing in the causes and communities they care about.



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

On their journey to supplement the growing deposit gap, LCCU found [CNote](#), a women-founded and -led financial technology company that had pioneered an impact investing platform where institutions and individuals alike can invest to further economic equality, racial justice, gender equity, and address climate change.

Since 2016, CNote has helped mission-driven institutions, like corporations and foundations, invest tens of millions of dollars into their national network of proven Community Development Financial Institutions (CDFIs) and mission-driven deposit institutions, 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 Promise Account, a fully insured cash management solution, gives investors a single place to earn competitive returns while fostering positive social impact with their cash deposits. On the receiving end of those deposits are federally-certified CDFI Banks and Low-Income Designated CUs like LCCU.



What is the Promise Account?

The Promise Account fills a gap for institutional investors like corporations and foundations that want to support financially underserved communities across the country while generating competitive returns on their cash allocations. It seamlessly allows for the deployment of cash into underserved communities to support lending and other community development activities by growing the available deposit base.

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 insured up to \$20 million through the federal FDIC or NCUA insurance programs.

Building on a Proven Framework

CNote's entry into the cash market, and partnership with credit unions like LCCU, was preceded by nearly four years working with CDFI loan funds and deploying millions through CNote's nationwide network of CDFI partners. Since the Promise Account's inception, CNote has grown to better help foundations and other institutional investors authentically align capital behind impact, and more recently, help corporations improve their performance on ESG measures. In October of 2020, Mastercard expanded its relationship with CNote by committing [\\$20M to the Promise Account](#) to fund underserved communities and help women- and BIPOC-owned businesses.

CNote's role as a new and flexible capital source for loan funds opened the door to further community investment activities and new mission-driven partnerships like those between CNote and CDFI banks and Low-Income Designated Credit Unions. With CNote's mission to close the wealth gap by creating capital access for groups left out of traditional finance, LCCU saw an opportunity to secure a new sustainable funding source.

"When we first heard about CNote, we asked how and if we could be included in their 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." Leveraging technology to streamline these investments allows CNote to keep administrative costs down and increase the value it offers its partners and its investors, while delivering positive social impact.

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 in order to supplement their deposit base with CNote capital. "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 with flexible liquidity. Equally, funds deployed with LCCU are fully-insured through the federal National Credit Union Administration (NCUA).

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

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