NEIGHBORHOOD TRUST

FINANCIAL PARTNERS
More than 780,000 New Yorkers—and more than 25 million Americans—are underbanked because of a mismatch between consumer needs and mainstream financial institutions.

**Neighborhood Trust is poised to scale its effective financial services model and help correct this market failure.**

This year our financial counseling services will reach 10,000+ people across New York City and nationally.

“Day in and day out I encounter clients with credit card debt equivalent to huge chunks of their annual income. For these clients with low wages, even the smallest mistake is magnified. One emergency or financial mistake can mean falling behind on rent, skipping a few meals, or not having enough money to get to work. With lower wages and rising costs, trying to plan for their futures seems impossible.

**Our work at Neighborhood Trust lifts that cloud of despair.”**

—Jose Miranda, Jr., Neighborhood Trust

_**Neighborhood Trust Federal Credit Union is our nonprofit community development financial institution (CDFI), serving Upper Manhattan since 1997. We are one of over 200 community development credit unions in the U.S. with a shared commitment to economic opportunity.**_

_Today Neighborhood Trust FCU is a vibrant, well-capitalized financial institution with over 4,000 members and $9 million in assets._
We daily witness low-wage workers struggling to get by but caught in a vicious cycle of burdensome debt, poor credit, and the high costs of averting constant cash flow crises.

Our Typical Client Has
- An average income of $26,647
- Less than a college degree
- No productive banking relationship

As low-wage workers in America, they turn to check cashers, predatory lenders, and high-interest credit cards for their financial needs.

Our Clients
- Spend more than $40,000 in their lifetime to turn their salary into cash by visiting check cashers instead of banks
- Carry average debt of $37,090
- Have subprime credit scores averaging 624

A Profile of Market Dysfunction
The Consumer: Vulnerable to predatory services and a debt cycle that prevents savings
- Poor money management skills
- Paying a premium to access cash and avert imminent crisis
- Mistrustful and confused about financial services options

The Financial Institution: Out of step with the low-wage worker
- Poor knowledge of diverse, low-income communities
- Products with insurmountable barriers to entry
- High fees and lack of transparency

“63% of Americans don’t have enough savings to cover a $500 emergency”
—Forbes

“There are 41 million working Americans who receive public assistance—and nearly half of these workers have full-time jobs.”
—Economic Policy Institute
Our Solution

Intervene: Level the Playing Field

For the past 20 years Neighborhood Trust has delivered financial counseling and products that help create a more level playing field, bringing low-income consumers into the financial mainstream.

Engage
Neighborhood Trust serves the market that traditional financial institutions can’t reach. We integrate services into institutions that already have credibility with marginalized populations—businesses, non-profits, government agencies—so that our services are relevant and actionable. We tailor our programs to our host sites’ clientele so that our complementary services are seamlessly delivered and serve as a model of efficient program delivery.

Counsel
Neighborhood Trust has developed a comprehensive training regimen for our Financial Counselors that enables them to use behavioral economics principles to effect change in their clients’ financial status. Our Counselors develop individual Financial Action Plans™ for clients that provide a long-term road map to financial security.

Bank
Neighborhood Trust Financial Advisors connect the underbanked to an affordable Gateway Banking Package™ delivered through our credit union network and other at scale financial services partnerships, and delivered through scalable financial services partnerships, encouraging a productive banking relationship.
Gold Standard Financial Advising

Everyone benefits from customized and expert financial advising to help manage their finances and build assets. Low-wage and under-served consumers lack access to this critical service.

Our specially-trained Financial Counselor corps has expertise in adult learning, mastery of financial challenges shared by low-income families, and training in behavioral techniques that encourage the up-take of appropriate products and improved budgeting and savings habits.

As we scale we will maintain quality control of one of our most valuable assets by establishing industry-wide training and standards for financial counseling.

These standards will inform the development of the financial education field nationally and best position the Neighborhood Trust model for replication.
In 2012 Neighborhood Trust launched The Employer Solution to provide workplace-based financial counseling and financial products, and enhance HR processes so that improved money management is a part of each work day.
Today The Employer Solution is gaining momentum with a growing number of satisfied customers, exciting new technologies in development and early data indicating a positive return on investment to both employer and employee.

**WAGEGOAL™: BRINGING TRUST TO FINTECH IN THE WORKPLACE**

In 2017 we will launch WageGoal, a payroll-linked cash management tool, designed in partnership with FlexWage. [www.wagegoal.com](http://www.wagegoal.com)

"With my financial counselor’s help I’ve opened my first bank account, and I’m saving towards my goals. I feel more secure knowing that my money isn’t going anywhere unless I want it to. A bank account means something!"

—Samantha, Five Guys employee
Scale Strategy:
Pathways to Financial Empowerment

National Capacity-Building

Neighborhood Trust and the National Federation of Community Development Credit Unions are embedding our signature financial counseling model into the credit union industry.

PARTICIPATING CREDIT UNIONS:
Alternatives Federal Credit Union Ithaca, NY
Border Federal Credit Union Del Rio, TX
Faith Community United Credit Union Cleveland, OH
Freedom First Federal Credit Union Roanoke, VA
New Orleans Firemen’s Federal Credit Union Metairie, LA
1st Choice CU Atlanta, GA

Buffalo Cooperative Federal Credit Union Buffalo, NY
Community CU of Southern Humboldt Gaberville, CA
Guadalupe Credit Union Santa Fe, NM
Missoula Federal Credit Union Missoula, MT
Opportunities Credit Union Winooski, VT
Santa Cruz Community Credit Union Santa Cruz, CA
**The Neighborhood Trust**

**Impact**

We believe financial security is generated from a combination of improved financial awareness and self-confidence and access to financial products and systems that translate income into assets.

**Client Success**

- A long-term planning horizon
- Improved budget adherence as a default component of each paycheck
- Improved net worth
- A healthy credit profile
- Improved self-efficacy

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<th>Two-Year Outcomes</th>
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<tr>
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<td>44% of our clients reduce consumer debt levels with a</td>
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<td>median reduction of $1,983</td>
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<td>55% of clients improved their credit with an average</td>
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<td>increase of 46 points</td>
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<td>47% of our clients reduce credit card debt levels with</td>
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<td>a median reduction of $1,161</td>
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<td>48% of our clients reduce total debt levels with a</td>
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<td>median reduction of $2,557</td>
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Invest In Economic Promise

Neighborhood Trust seeks to improve the financial stability of the most vulnerable Americans and create structural change in the financial services industry.

Our growth will come in the number of people we serve, in our expanded geographic reach, and also in the form of innovation, the incubation of new ideas, and the development of an industry-defining model.
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Major Funders

Anonymous (3)

The Altman Foundation

The Carson Family Charitable Trust

Capital One

Center for Financial Services Innovation (CFSI)

Citi Community Development

Cities for Financial Empowerment Fund

Henry E. Niles Foundation, Inc.

The William Randolph Hearst Foundation

JPMorgan Chase & Co.

LPT Holdings LLC

Morgan Stanley

New Profit

New York City Office of Financial Empowerment

Oak Foundation

Prudential Foundation

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Steven A. and Alexandra M. Cohen Foundation

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Two Sigma Investments

W.K. Kellogg Foundation

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