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FINRA Investor Education Foundation and Filene Research Institute Announce Employer Sponsored Small Dollar Loan Research Collaboration

WASHINGTON — The Financial Industry Regulatory Authority (FINRA) Investor Education Foundation, the Filene Research Institute, and six local credit unions have launched a two-year research project to assess the long-term impact of an Employer Sponsored Small Dollar Loan designed to help employees avoid the high cost of payday lenders, establish or repair credit, and begin to save.

Designed by NorthCountry Federal Credit Union and United Way of Chittenden County in Burlington, Vt., the loan was pilot-tested by 13 credit unions in eight states with 48 employers as part of the Filene Research Institute Accessible Financial Services Incubator with funding from the Ford Foundation. The two-year pilot confirmed that the loan is feasible, scalable, and meets important needs for employers and low- and moderate-income employees.

“Filene is excited to advance this innovative concept,” said George Hofheimer, chief knowledge officer with Filene Research Institute. “With the work of the FINRA Foundation and these credit unions we will be able to learn what works so that this product can be offered by more financial institutions. The result is more affordable financial services for millions of Americans.”

Employer Sponsored Small Dollar Loans are made available to employees of participating companies based on the length of employment (determined by the credit union) but not on credit scores. The application process is simple, and the money is often available on the same day it is requested. Loans are repaid through payroll deduction, and successful repayment is reported to credit bureaus. After the loan is repaid, a deduction in the amount of the loan repayment continues on an opt-out basis and is deposited into the employee’s savings account.

“We are very happy to have a part in building on the work done by the Accessible Financial Services Incubator,” said Gerri Walsh, President of the FINRA Foundation. “More and more we understand the crucial role of employers in helping employees make sound choices for themselves and their families, and access to supportive products and services is an important part of the equation.”

The ongoing research project is being spearheaded by Corlinda Wooden of Wooden Consulting. Ms. Wooden is also leading efforts to create a feasibility study and an implementation guide to help financial institutions launch and evaluate the employer-sponsored loan and to help nonprofit organizations partner with their local financial institution to offer the loan as part of community-based financial stability programs.

Credit unions participating in the ongoing research project include:

Georgia Heritage Federal Credit Union, Savannah, Georgia

Mercy Health Partners Federal Credit Union, Toledo, Ohio

NorthCountry Federal Credit Union, Burlington, Vermont

ProMedica Federal Credit Union, Toledo, Ohio

Sun Federal Credit Union, Maumee, Ohio

Toledo Metro Federal Credit Union, Toledo, Ohio

Financial institutions, community-based organizations and others interested in receiving the feasibility study and implementation guide for the Employer Sponsored Small Dollar Loan may fill out the request form available on the Employer Sponsored Small Dollar Loan webpage found at <https://filene.org/impact/incubator-project/employer-sponsored-small-dollar-loans>.

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FINRA Investor Education Foundation

The FINRA Investor Education Foundation supports innovative and educational projects that give underserved Americans the knowledge, skills and tools necessary for financial success throughout life. For details about grant programs and other FINRA Foundation initiatives, visit www.finrafoundation.org.

Filene Research Institute

The Filene Research Institute is an independent, [consumer finance think and do tank](http://www.consumerfinance.gov) dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking and cooperative finance. Founded over 25 years ago, Filene is a 501(c)(3) nonprofit organization. For more information visit www.filene.org and [@fileneresearch](https://twitter.com/fileneresearch).