

BANK ON FAMILY

Note: Bank on Family is a working name that may change.

How can we help informal borrowers get access to loans from peers that build credit, encourage healthy financial behavior, and preserve the relationship between the borrower and lender?

Bank on Family reduces the awkwardness of peer-to-peer lending by making the credit union the facilitator of a streamlined process. Using a standard share secured loan, Bank on Family allows loan repayment terms to be formalized for both parties. Additionally, payment history is tracked and reported to the credit bureaus, helping the borrower improve their ability to use traditional financing in the future.

The prototype test of Bank on Family is intended to validate our hypothesis: Bank on Family will build borrowers' credit, increase repayment rates for lenders and create loyal members w/ healthy financial behaviors. We will measure success by measuring repayment rates, measuring borrower credit and surveying lending/borrowing members.

What is not included here that will be available soon?

- Logos and suggested language for a landing page
- Marketing starter copy for credit unions who wish to tailor the key messages and materials to their brand
- Templated marketing package for credit unions who don't feel the need to tailor the marketing to their brand
- Talking points sheet for front-line credit union staff
- Video library of short trainings?

What is the ideal target demographic for this data?

- Lenders: 35-60 years old with children matching the borrower demographics
- Borrowers: 18-30 years old with limited traditional credit

Is any system programming needed to participate in the test?

The Bank on Family program does not require any core system development if your credit union currently offers share secured loans. The solution is a focused marketing repositioning of the product using the traditional share secured rails.

Can we use our current loan documents?

Yes! Your current share secured loan documents will be used for these loans.

Coming soon: [Link to process document](#)

Considerations

- Do you currently offer share secured loans?
- Since this product and marketing plan target a niche market, does your organization serve a significant population that meets the target demographics?
- Ability to provide the following information on each loan quarterly:
 - From the credit union
 - Number of on time payments
 - Purpose of the loan
 - Number of enrolled who opened new accounts
 - Number of products with new account
 - From the credit report (soft report)
 - Trades: Number active
 - Trades: Number of on-time payments
 - Trades: Mix of credit types
 - Trades: Available credit
 - Inquiries: Number of hard inquiries
 - Inquiries: Type of hard inquiry
 - Score: Type and name
 - Derogatory Trades: \$ total balance of derogatory

Coming soon: We will put together a standard reporting form to report data and [link here](#).

Timing

- July 2017 – August 2017 – Credit union onboarding
- September 2017 – March 2018 – Offer loans to membership
- October 2017 – June 2018 – Follow data
- July 2018 – Aggregate data, evaluate, and share reporting with participating institutions

Desired Outcomes

- The goal is to have 25 Bank on Family loans funded at each testing credit union.

Bank on Family will increase repayment rates for lenders, build borrowers' credit, and create loyal members with healthy financial behaviors.

That's our hypothesis and we're ready to test it.