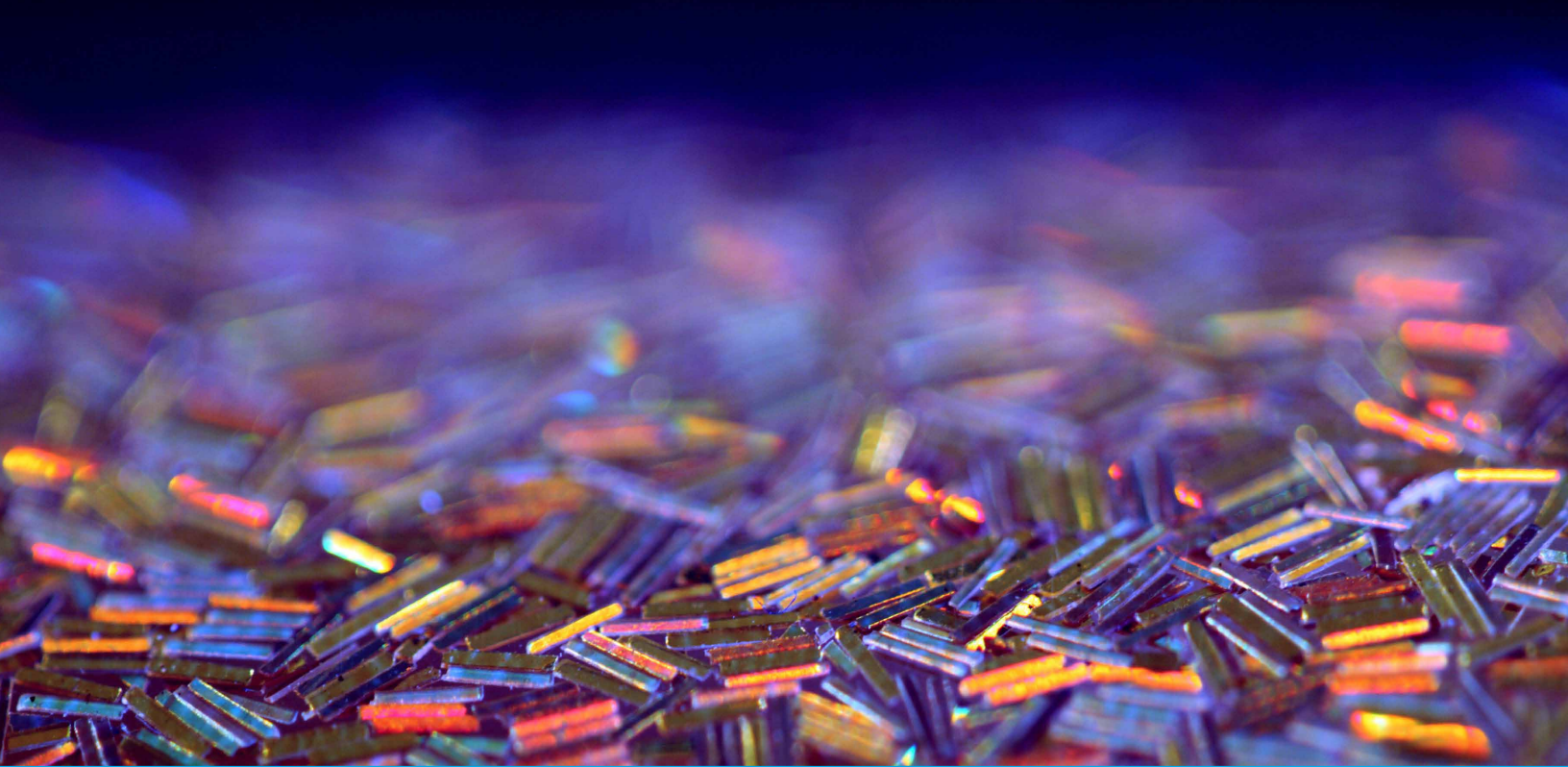


WHY

EQUITYFOR.US



Filene  i³

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Acknowledgements & Contact:

A huge thank you to our credit unions and organizations that have allowed us to take this journey.

- Credit Union National Association
- SchoolsFirst Federal Credit Union
- Seasons Federal Credit Union
- Simplicity Credit Union
- Stanford Federal Credit Union

We love credit unions. It’s why we did this i3 thing. We’ve dedicated lots of time and made countless connections and lifelong friends. Along the way we’ve hopefully made a difference in our movement and inspired others to want to make a difference too.

We’d love to talk to you about any of our projects, about our roles at our organizations, or simply to connect to other interesting and inspired credit union folks. Connect with us at whyequity.us/contact

INTRO

Equity: More than a Word

There is no question that credit unions will benefit from making diversity, inclusion, and equity part of their everyday functions. This can vary from employing diverse individuals, to inclusion of all types of people to be our members. We also need to be mindful that different members and employees will require different service and support to be successful members and employees. DEI in both membership and credit union employees can result in increased innovation, problem solving, and learning, according to Filene fellow, Dr. Quinetta Roberson. Why is this? When members and employees from different walks of life work together, we share different experiences and ideas.

FRAMEWORK



Who Credit Unions Are

It's pretty self-explanatory when you look at our history and place in the financial services industry.

Helps Prevent Threats

Threats like recommendations for postal service expansion, increased regulatory burden, credit union inclusion in CRA, taxation and more.

Yields Progress

The benefit provided to the entire membership and staff come through representation, pay equity and access to credit.

WHY EQUITY

Definition and Core Concepts

Equity is defined as “the state, quality or ideal of being just, impartial and fair.” The concept of equity is synonymous with fairness and justice. It is helpful to think of equity as not simply a desired state of affairs or a lofty value. To be achieved and sustained, equity needs to be thought of as a structural and systemic concept.

Equity vs. Equality

Equity involves trying to understand and give people what they need to enjoy full, healthy lives. Equality, in contrast, aims to ensure that everyone gets the same things in order to enjoy full, healthy lives. Like equity, equality aims to promote fairness and justice, but it can only work if everyone starts from the same place and needs the same things.

Systemic Equity

Systemic equity is a complex combination of interrelated elements consciously designed to create, support and sustain social justice. It is a dynamic process that reinforces and replicates equitable ideas, power, resources, strategies, conditions, habits and outcomes.

Inclusion

Inclusion is the action or state of including or of being included within a group or structure. More than simply diversity and numerical representation, inclusion involves authentic and empowered participation and a true sense of belonging.

Racial Justice

Racial justice is the systematic fair treatment of people of all races that results in equitable opportunities and outcomes for everyone. All people are able to achieve their full potential in life, regardless of race, ethnicity or the community in which they live.

A “racial justice” framework can move us from a reactive posture to a more powerful, proactive and even preventive approach.

<https://www.who.int/gender-equity-rights/understanding/equity-definition/en/>

WHY EQUITY

Why is Equity (and DEI) important?

CU History

To keep things very basic, let us not forget that credit unions were founded with the goal of putting members first. Within small communities, members pooled their personal resources so that loans could be made to other members in need. Credit unions were not founded to line the pockets of shareholders, board members, and CEO's, but to meet the financial needs of the people living in their communities. The simple idea of how credit unions started; members of the community pooling their resources to help each other, reflects what we still stand for today, "people helping people." The priority of credit unions has always been its members, financially, and in other ways.

We Can Get Derailed:

Often, race-focused conversations derail because people are using the same terms in different ways. One of the challenges of communicating effectively about race is to move people from the narrow and individualized definition of racism to a more comprehensive and systemic awareness.

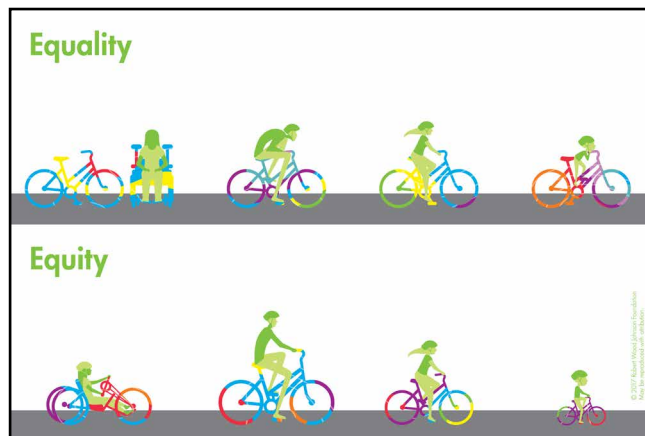
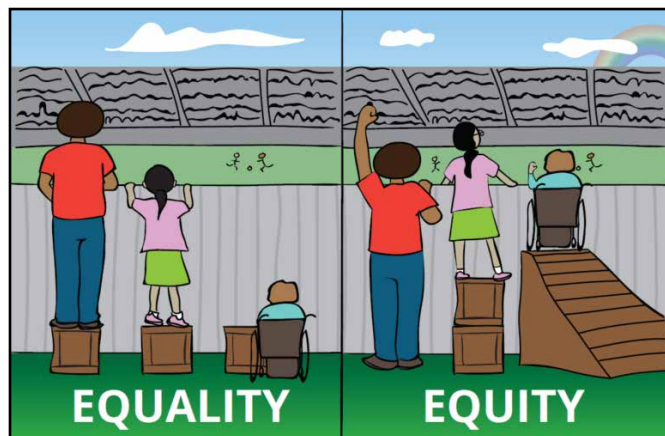
To illuminate racism, we need to "name it, frame it and explain it."

Establishing a shared language to present data, describe conditions and outcomes and identify root causes of inequities serves an important function. A common language creates a narrative that makes it easier to communicate the commitment to racial equity, both internally and externally, and it creates a platform for coordinated work toward equitable outcomes.

WHY EQUITY

After careful consideration, research, and grappling with this problem statement, of how might we help credit union leaders express the importance and pathways of bringing equitable practices to their organization, the WHY framework evolved. Our position is that equity is who credit unions are based on our history and foundations of our organizational practices. We Help prevent threats in the regulatory sphere as well as business competition This yields progress - visible, genuine and meaningful equity practices in credit unions reflect positively on staff, members, and the bottom line.

Equity in its purest definition strives to provide everyone the opportunity to ride the bike—with the appropriate modifications--as displayed in the image on the left (below) or to watch the game—with the appropriate number of step stool crates-- as shared on the image on the right (below). Its goal is to promote justice, impartiality, and fairness within the procedures, processes, and distribution of resources by institutions or systems.



Imagine if we saw equity as an approach that ensured everyone access to the same opportunities in your credit union.

WHY EQUITY

Resources for Inspiration:

<https://www.equitytool.org/equity/>

<https://momentousinstitute.org/blog/equity-why-talk-about-it-with-children>

Equity is promoting justice, impartiality and fairness within the procedures, processes, and distribution of resources by institutions or systems:

[https://dei.extension.org/#:~:text=What%20is%20Diversity%2C%20Equity%2C%20and%20Inclusion%20\(DEI\)%3F&text=Equity%20is%20promoting%20justice%2C%20impartiality,outcome%20disparities%20within%20our%20society](https://dei.extension.org/#:~:text=What%20is%20Diversity%2C%20Equity%2C%20and%20Inclusion%20(DEI)%3F&text=Equity%20is%20promoting%20justice%2C%20impartiality,outcome%20disparities%20within%20our%20society).

Equity is an approach that ensures everyone access to the same opportunities.

<https://generalassemb.ly/blog/diversity-inclusion-equity-differences-in-meaning/>

<https://www.aecf.org/blog/racial-justice-definitions/>

Sometimes, people may need differing treatment to make their opportunities the same as another's. This is called equity.

<https://social-change.co.uk/blog/2019-03-29-equality-and-equity>

The terms equality and equity are often used interchangeably; however, they differ in important ways. Equality is typically defined as treating everyone the same and giving everyone access to the same opportunities. Meanwhile, equity refers to proportional representation (by race, class, gender, etc.

<https://www.wssu.edu/strategic-plan/documents/a-summary-of-equity-vs-equality.pdf>

<https://www.equitytool.org/equity/>

<https://momentousinstitute.org/blog/equity-why-talk-about-it-with-children>

HELPS PREVENT THREATS

We've shared how embracing equity is something that connects to the heritage of what we are as a movement. But what does embracing equity mean for our future and why now, more than ever, is it important to build on that foundation.?

First, it will help prevent threats to our very existence. Now we know that may sound a bit melodramatic, but history has shown us that we must continue to highlight and demonstrate what makes credit unions different. If not, how can we expect to be seen in the eyes of lawmakers as something special?

Top among these threats has and will always be the credit union tax status. While our cooperative structure has played a significant role in reaffirming our exemption from federal income tax, it is more important than ever that we can demonstrate how we are using that well-earned status to provide more equitable access and distribution to our Members.

Additionally, we can't only watch for such straightforward threats. Recent years have shown that good intentions can also negatively impact our ability to serve Members. Speaking specifically to the issue of equity, recent examples include expanding the services provided by the US Postal Service or even the establishment of Public Banks at the local and federal level. While it's easy to see the noble merits of these efforts, it falls on all of us to prove that this is what credit unions were created to do.

In order to prove this point, we must strive to find ways to build on the equitable power of credit unions. Like Edward Filene said "Progress is the constant replacing of the best there is with something still better." We must apply this same line of thinking when it comes to proving the credit union difference is a reality.

Some relevant examples of this progress in action in the lending world include Individual Taxpayer Identification Number or ITIN Lending, as well as auto lending beyond the prime tiers. Research on both of these opportunities can be found through the Filene Research Institute, including implementation considerations and impact analysis.

HELPS PREVENT THREATS

Resources for Inspiration

<https://www.nlc.org/article/2020/07/10/how-equitable-access-to-banking-improves-economic-conditions-for-everyone/>

<https://www.occ.gov/news-issuances/news-releases/2020/nr-occ-2020-156.html>

<https://www.nytimes.com/2020/10/21/business/democrats-bill-banking-discrimination.html>

<https://www.fastcompany.com/90543039/now-is-the-time-to-build-more-equitable-and-empathetic-financial-services>

<https://www.consumerfinance.gov/about-us/blog/fair-equitable-access-credit-minority-women-owned-businesses/>

<http://www.campaignforpostalbanking.org/mission-statement/>

YIELDS PROGRESS

The benefit provided to the entire membership when non-prime loans are made to those who otherwise would not be approved.

- ITIN / Non-Citizen Lending
- Non-Prime Auto Lending
- Board Representation
- Pay Equity

Profitability of ITIN or Non-Prime Loans

“ITIN” lending is when a credit union makes a loan to a member who does not currently have a SSN or U.S. Tax ID. IN other words, they are usually excluded from financial services. Similarly, consumers with FICO scores that are below prime tiers are sometimes excluded from borrowing as well. In both of these cases, credit unions can: (1) provide equitable access to these groups by granting these “non traditional” (or perhaps “innovative” loans, and (2) can actually turn a profit on these loan products, not by taking advantage of the members’ circumstance, but by granting them to an untapped market.

Equitable Gender Representation at the Board of Directors Level

Research has indicated that gender diverse boardrooms can lead to monetary benefits for investors. Firms with greater levels of gender diversity on their board of directors are more profitable than their more male-dominant counterparts. In 2018, Women on Boards (Senate Bill 826) was signed into law to advance equitable gender representation on California corporate boards. California is the first state to require all publicly held domestic or foreign corporations whose principal executive offices are located in California to have at least one female director on their boards.

YIELDS PROGRESS

Resources for Inspiration

<https://filene.org/do-something/programs/non-citizen-lending>

<https://www.cutimes.com/2019/04/26/itin-lending-compliance-cutting-through-the-fog/>

<https://www.cutimes.com/2018/10/12/more-than-a-number-credit-unions-find-ways-to-lend-to-immigrants/>

<https://www.cuinsight.com/compliance-is-the-key-to-successful-itin-lending.html>

<https://www.cnbc.com/2019/10/18/firms-with-a-female-ceo-have-a-better-stock-price-performance-sp.html>

<https://www.cnbc.com/2018/03/02/why-companies-with-female-managers-make-more-money.html>

<https://www.cfodive.com/news/companies-with-female-ceos-cfos-more-profitable-diversity/565288/>

<https://2020wob.com/>

<https://www.sos.ca.gov/business-programs/women-boards/frequent>

<https://hbr.org/2020/06/the-10-commitments-companies-must-make-to-advance-racial-justice>

<https://hbr.org/2017/11/the-case-for-good-jobs>

<https://mnwi.usi.com/Resources/Resource-Library/Resource-Library-Article/ArtMID/666/ArticleID/782/Cost-of-employee-turnover>

MORE RESOURCES

Video Presentation:

If you think the video can help get your DEI journey started at your credit union, use it, share it and put it on repeat. Equity can fuel our innovation and connect us closer to our members and the communities we serve. It's why we're here.

<https://www.whyequity.us/video>

Digital Copy of this Report:

<https://www.whyequity.us/report>

Slide Deck from the Presentation:

<https://www.whyequity.us/wp-content/uploads/2021/02/WHY.pdf>

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