

The Vancity logo is positioned in the top right corner. It consists of the word "Vancity" in a bold, white, sans-serif font, with the tagline "Make Good Money." written in a smaller, white, cursive font below it. The logo is set against a red, banner-like background that has a slight shadow and a folded appearance.

Vancity
Make Good Money.

The title "Fair & Fast Loan" is centered in a large, bold, red font on a light-colored, textured banner that spans across the middle of the image. The background of the slide is a photograph of a waterfront city skyline with many sailboats on the water and a paved walkway in the foreground.

Fair & Fast Loan

Offering an Alternative to Pay Day Lending

Andrea Harris, Director, Member and Community Insights

ABLE Financial Empowerment Conference –
November 3, 2015



About Vancity



- Canada's largest credit union
- Formed in 1946
- Operates in Vancouver and Vancouver Island, BC
- 500,000 members
- 57 branches
- \$17.5 billion in assets
- Culture of member-led innovation



Who are the Underserved?

Underserved or Underbanked are individuals that have a relationship with a mainstream financial institution but turn to fringe providers such as payday lenders and cheque cashers for their unmet financial needs.

Vancity estimates that up to 15% of adult British Columbians are underbanked.





Across Canada, payday lending is a growing problem that traps individuals, including our members, in a cycle of debt.

Demand: 2014 payday lending data in BC

- Volume: 858,000 loans, 200,000 borrowers
- Average loans per borrower: 4.3
- Typical APR for 2 week payday loan: 600%
- Locations: 274

Supply: shortage in viable alternatives

Vancity saw a strategic opportunity to drive impact and growth





Pay Day Lending



Why do people turn to expensive payday loans?

Credit Challenged

No access to other options

- Your credit score provides a history of how you have paid bills and paid back loans
- If your credit score isn't great, you may not qualify for credit cards or loans from the bank

Convenience Seekers

Need cash right away, with no hassle

- Sometimes you need money right away and can't wait days for the loan to be processed
- Payday lenders are open late, have convenient locations and can get you money in less than 30 minutes

Many people are **forced to pay high interest and fees** to borrow money right away so they can cover unexpected expenses and make ends meet

Defining a Strategy

Challenges

- Little Canadian research to rely on
- Major considerations: business model, financials, market positioning
- Enterprise IT projects in progress

Approach

- Strategic priority
- Structured design and delivery
- Phased rollout
- Learning from others

Complex challenges, which can be successfully addressed with enterprise focus and careful design and delivery.



Our Journey

Q1 2013
Kick-Off

Q2 & Q3 2013
Research

Q3 2013
Proof of Concept

Q4 2013
Detailed Design

Q1 2014
Implementation

March 2014
Soft Launch!

June 2014
Broad Launch!





Fair & Fast Loan at a Glance



Not a payday loan, but a sustainable alternative

- Borrow \$100 to \$1500
- 19% APR
- Flexible repayment from 2 months to 2 years
- Takes about 1 hour for members





Why is it different?



VS



VANCITY FAIR &
FAST LOAN
DESIGNED FOR
PROGRESS

- **Quick fix**
 - Up to **600%** interest
 - **\$23.00** interest to borrow \$100 for 2 weeks
 - **2 week** payback, not enough time to get back on your feet
 - **Does not build credit** score
 - **No advice, limited** products and services
- One step towards **financial health**
 - **19%** interest, no fees
 - **\$2.38** interest to borrow \$100 for 2 months
 - Up to **2 years** to repay
 - Reports to credit bureau to start **rebuilding bruised credit**
 - **Personalized advice**, full suite of products and services to meet your ongoing needs



One Step in the Right Direction



Designed to be **a bridge product** between
payday loans and traditional credit...

The Fair & Fast Loan **isn't a silver bullet** to
solve the payday loan problem.

And it's **not right for everyone.**





Take Aways

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Successes

- Over 1,486 loans funded to date
 - average value of \$1,120 and term of 14.4 months
- Members has saved over \$2 million in interest and fees
- Positive feedback from members, staff, and the public
- High response rate to targeted marketing
- Extensive and positive, earned media coverage

Learnings

- Enterprise priority
- Dedicated, results driven team
- Learn from other FI's offerings
- Internal change management is key





Future Opportunities and Questions...

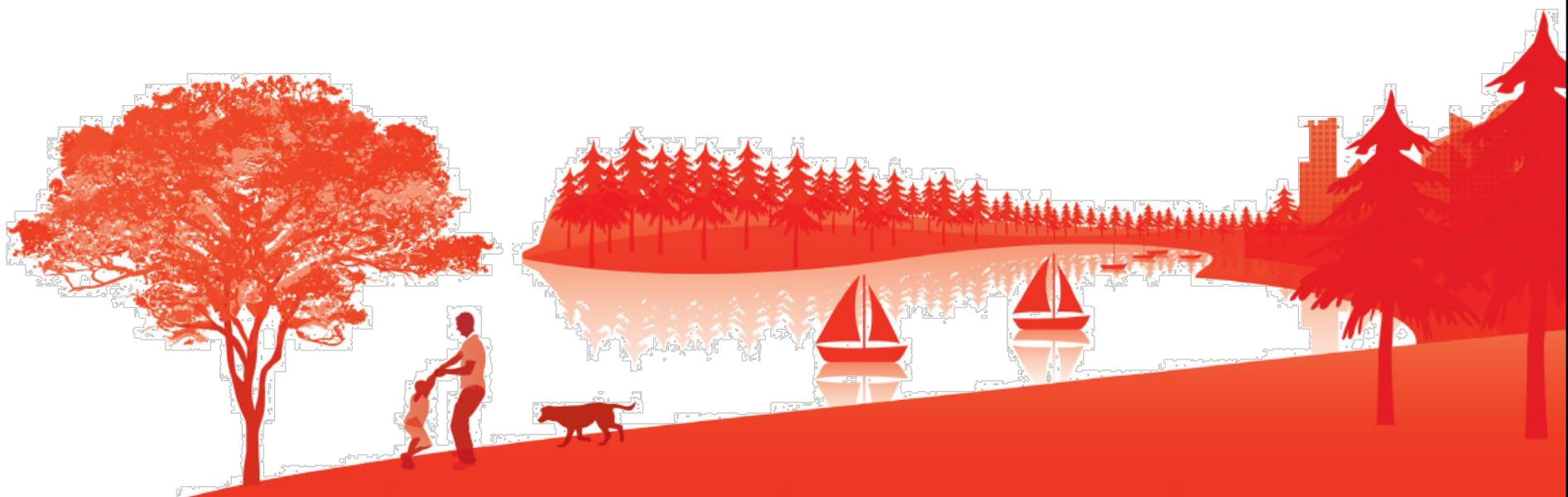


- How to balance risk and inclusiveness?
- What are the long-term impacts on members?
- How to make the offering 'Fairer & Faster'?
- How to drive impact at scale?
- How to leverage third party partners for referrals and reach?





Thanks!





Appendix: Impact Story #1

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Here's a recent example on how the Fair & Fast Loan impacted one of underserved members:

A member had payday loans from three different payday lenders. The Lender worked with the member to approve her for a \$1,500 Vancity Fair & Fast Loan. The lender sat with the member and called all three different payday lenders to make arrangements to pay off the member's loans. The Lender paid off two of the loans directly, and the last one through Pre-Authorized Payment. The lender and the Member also discussed options for the member to permanently break her payday debt cycle. The member was so appreciative she cried, and after leaving the branch brought back a box of chocolates for the Lender.





Appendix: Impact Story #2

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Here's a recent example on how the Fair & Fast Loan generated unexpected broader benefits for Vancity:

After hearing about the Fair & Fast Loan, a well-known businessman in one of the communities we serves approached our regional director and said: "Now I understand what Vancity is all about." He subsequently moved all of his personal accounts and more than \$1MM in deposits from a major bank to Vancity.



Appendix: In-branch Marketing Samples

Digital Signage



Informational Brochures



Floor Decals



Wicket Posters



Vancity.com

Social Media




TV & Radio

MORNING NEWS BC June 25, 2014 12:27pm 02:41

BIV: VanCity offers an alternative to PayDay loans

BUSINESS NEWS
Vancity Offers Alternative to Payday Loans
Sports "E-YEAR CONTRACT WORTH \$8.5-MILLION" BU 6:42

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Vancity shakes up payday loan industry

JACQUELINE NELSON
The Globe and Mail
Published Thursday, Jul. 03 2014, 6:43 PM EDT
Last updated Friday, Jul. 04 2014, 1:50 PM EDT

3 comments

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Industry Publications

Banking for Underserved Individuals

Individuals with fixed or low incomes are often overlooked by mainstream financial institutions. As documented by a recent forum held to discuss access to financial services for vulnerable Canadians, low income individuals face many barriers in entering and participating in the mainstream banking system. Individuals excluded from the traditional banking system present a unique opportunity for credit unions to both serve their community and increase membership. British Columbia's Vancity Savings Credit Union recently created a payday loan that charges reasonable interest rates and helps individuals build credit. Upstate New York-based Alternatives Federal Credit Union has partnered with the federal government to help those with low incomes build savings and escape poverty.

BARRIERS TO INCLUSION
In May of this year, 75 representatives of financial institutions (including credit unions), social agencies and government representatives met with pensioners, people on social assistance and others on fixed incomes in Kitchener-Waterloo. The event was hosted by the Working Centre, a multi-service agency in Kitchener, Ontario. The purpose of the forum was to brainstorm ideas

around the concept of financial inclusion.

A CBC article which covered the event documents some of the challenges faced by low income individuals. According to participants, bad credit or the cost of securing identification may exclude some from opening a bank account or credit card in the first place. Others may be simply too intimidated to apply. The consequences of not having a bank

