

Small dollar loan products offered at Bank On Denver

Each of these programs was designed to get individuals, families, and small businesses back into the financial banking institutions so that they could confidently walk into any bank or credit union should they find themselves in need of a bridge loan. In fact, that was the name of the first loan product "A bridge to a bridge".

We created a partnership with MiCasa, Guarantee Bank and Bank On Denver three years ago in order to assist small minority businesses with access to capital coupled with financial empowerment. We loaned out approximately \$300,000 and had less than a 1 percent default rate. This programing was designed to assist those that do not fit neatly in an eligibility application at any banking institution. This service was coupled with a business coach and a financial coach to assist them with their business and personal finances. This programing has been replicated with NEWSED, Alpine Bank and Bank On Denver.

During COVID we utilized CRF – Community Reinvesting Funding to assist individuals, families, and small businesses to access grants for those financially impacted by COVID. This too was coupled with one on one financial coaching and a business coach if needed in order to assist them in moving out of crisis mode and into stabilization.

Why is this service offered and how has it helped the folks that have used it?

The OFEP in partnership with Bank On Denver had observed that LMI – low to moderate income business owners, individuals and families needed access to capital or a bridge loan in order to help them grow and develop their businesses, maintain their current assets, and continue their financial journey through safe and affordable banking products.

While many of the businesses were able to sustain and grow, one went from a food truck to 5 bricks and mortar locations and creating at least 20 jobs in the process.

For others, a solid understanding of the banking market, credit scores, the importance of creating a savings and reducing debt, be it in their personal or business finances.

For individuals and families, it literally kept a roof over their heads, cars operational, utilities active, including employed. You just cannot put a price on access to capital and financial coaching.

What are the biggest challenges with providing these services?

Capacity - We have more need than we have resources in the community to serve all those individuals, families and small businesses who need access to capital and financial coaching.

Buy-In – We need all businesses and legislators to understand that financial scarcity is a real issue in our communities and that financial scarcity impacts the productivity for their employees and ultimately impacts the businesses bottom line. A small investment in this type of programing allows individuals, families and business to operate at optimum level while reducing the need for other government sponsored benefits.

Alvin Tafoya