

Thrift Tip: Cooperating is Thrifty

Philadelphia Profile in Thrift: [People For People Community Development Credit Union \(CDCU\)](#)

“Congratulations, you are now a part owner of this building.
This is yours. You are a part owner of this institution.”
—Dennis Mann, manager of People For People CDCU, on what
he tells people after they open an account at People For People

Thrift Tip of the Day: Consider joining or starting a [credit union](#).

Fast Facts

- Serves a community in which 80 percent of residents are unbanked
- Almost 1,500 members
- Opened savings accounts for men from a local men’s homeless shelter
- In the process of opening limited-match savings accounts for every student at People For People Charter School

The New Thrift Forms Cooperatives Why Cooperating Is Thrifty

Because thrifty people want others to thrive (“thrift” comes from the word “thrive”), they go public and democratic with their resources. Cooperatives like credit unions have a one member, one vote philosophy that encourages broad participation and thrifty behavior.

Learn More about People For People CDCU An Interview with Dennis Mann, Manager

How did the credit union get started?

“The credit union building here was the PNC Bank building. The first bank that [Rev. Dr. Herbert H. Lusk, II, the founder of People For People, Inc.] applied to for a loan was PNC, which turned him down. A year later they ended up giving us their building for one dollar. Now we rent the facility next door here to PNC Bank. This is the only location in the entire United States where a commercial bank and a credit union are side-by-side.”

Tell us about the people you serve.

“There’s a potential market here of about 220,000 people in our credit union territory, of which we have about 1,500 at the moment. Eighty percent of our community is unbanked. And even those that are banked are banked at a very low level—they have very little financial literacy. We have a lot of Rent-A-Centers around here. We have a lot of furniture

stores where you can get \$4,000 of furniture for \$40 down. The money stores in this area—historic."

"There was a lady who came in here crying because she had gotten cash to pay her rent, and she had five dollars in quarters. But her landlord wouldn't take quarters. When she went into a local bank they wouldn't even deal with her. So she went to a money store and they wanted ten percent to change the five dollars in quarters into bills—which wouldn't give her enough to make her rent. We took care of that particular lady very easily by giving her a five dollar bill. She just cried."

We noticed a lot of check cashing stores and payday lenders around here. Tell us more about them.

"It's anywhere from 15–25 percent to cash a check at the money stores. It's a captive market. You have a check and you have nobody that will cash it—they won't cash your check at a bank!—so for the payday loans in this area 66 percent interest loan is the norm. They gouge them. People come in here, first question they have is, 'Can welfare take my money?' They are paranoid, they are fearful. It's generations of financial abuse to these people—and a majority of them don't know any different. So where do you go with your check? You go to the check cashing place. How do you get extra money? You get a payday loan."

Who can be a member of the credit union?

"We are a territorial credit union with the proviso that if you live, work, meet, or worship in the community you may be a member of the credit union. You may also be a member of the credit union if you are a family member of someone who is a member. It takes basically two things to start your account: a photo ID and five dollars. Walk next door [to PNC Bank] and you need two or three forms of ID, proof of address, and a minimum of \$25–35 total in your account. The guard will tell you that you need an appointment to see someone. Intimidating. You walk in here and I say, 'Hi, come on over.' I open almost every account individually."

So can anyone in this territory walk in here and open a checking account?

"You come in, you want to open a credit union account, we explain what a credit union is and we open you a savings account. 'Well, I'd like a checking account,' they might say. 'Well, you have to be a member here for a while,' I say. 'You have to show us some stability. You may have to go to a financial class.' The end result is not only do we have a super-low bounce charge here (it's only \$20) but we also have a very low bounce rate here because we educate people here. I mean, it's amazing how many people call in and ask if a check cleared. I ask, 'Why?' 'Well, I was going to use the money until the check cleared,' they say. 'No, no,' I say, 'Come on in, we'll have a talk. Let me sit down and explain: the second you write a check, you pretend the money is gone forever.' You can't just give people financial tools without the financial education behind it."

What else does the credit union do?

"We have regular financial literacy classes. Also, there's a men's homeless shelter nearby called One Step Away. We've opened savings accounts for the men there."

Are the men at the homeless shelter members of the credit union?

"Oh yes. We work with them if they have some ID problems—alternate forms, etc."

What does membership in the credit union involve?

"For five dollars—which is the deposit that always remains as your membership—you have voting privileges at our annual meeting. You have the opportunity to work here, to volunteer if you like, because I try to involve people in the process where I can. And as I explain to them, 'Congratulations, you are now a part owner of this building. This is yours. You are a part owner of this institution.'"

How do you encourage saving?

"I'll say 'I know you're cashing your check, but leave the change. Let the change build.' The average welfare check of the person who comes in here is \$120.89. So they'll deposit it and then take out \$120 for their weekly needs. Most of my tellers will say, 'You don't want the 89 cents. Leave that here.'"

About how often do you meet with individuals?

"Probably informally and formally about 15 times a week. One lady came in here, for example, who wanted to borrow \$15,000 to buy a new car. She had halfway decent credit. I asked her, 'How's your old car?' She said, 'Oh, it's great, runs good.' She has three children and a medium paying job. We sat and talked for a while. I asked her, 'Well, why do you want to buy a new car?' She said, 'Well, I want a new car. I saw the ads.' I talked her out of taking out a loan!"

"Another lady came in, no credit history whatsoever. I said 'Okay, here is what we're going to do: you're going to put \$100 in a savings account, and you're going to borrow \$100. Pay it back in a week. Then you're going to borrow \$200.' We talked about a strategy to build up credit."

Why did you decide to work at People for People?

"After 28 years in international marketing, I got to the point where I knew the birthdays of the stewardesses on my international routes better than I knew those of my own family. Mentally, a light bulb came on, and I said 'Stop.' So I retired from that and I wanted to get back into some form of public service. I was inspired by the quote of Dag Hammarskjöld who said 'Service is the rent we pay for the privilege of living on earth.' So I said, 'Okay, I want to give back.'"

Information courtesy of www.newthrift.org