

Case Study:

The People's Partner for Community Development: Building a Credit Union to Serve Their Community

People's Partner for Community Development (PPCD) has embarked on a journey to substantially "move the needle" of economic opportunity for members of the Northern Cheyenne Tribe. As a member of a Native-led Community Development Financial Institutions (CDFI) coalition, PPCD has filed an application for establishing a credit union owned and operated by the Tribe with the National Credit Union. Given the recent announcement of the EDA Build Back Better award to nine of the coalition members, including PPCD, this will have lasting positive impacts on the establishment and growth of Native-owned businesses and housing across Big Horn and Rosebud Counties in south central Montana.



Organization's Name:

People's Partner of Community Development (PPCD). Montana Secretary of State business registration #D126720.

Contact Information:

Director Sharon Small, PO Box 955, 509 Cheyenne Ave. South Lame Deer MT 59043

Office: 406-477-7723.

Adam Zimmer, Tribal Economic developer, zimmer.industries.wy@gmail.com

Website:

www.peoplespartners.org

Services Offered:

PPCD offers small business training/lending, Youth Agriculture Program, credit building, income tax assistance, and a courtesy cash store. The credit union will offer banking services, such as credit and debit cards, ATM, and money orders to unbanked and underbanked Northern Cheyenne members. The Native CDFI, in partnership with Four Bands in South Dakota, will be offering larger loans through an EDA Build Back Better grant award to nine coalition partners including PPCD.

Value Proposition:

This is a grassroots organization started and developed by the North Cheyenne Tribe to serve enrolled members banking and lending products. PPCD replaced a privately held company known as “Courtesy Cash” when they were pulling out of the community to keep local banking services available.

Status: The Native CDFI-backed Credit Union through the National Credit Union will be incorporated in October of 2022. PPCD has been a CDFI offering technical assistance since 2016. Final charter paperwork was submitted to the National Credit Union on September 19, 2022. Current lending/banking services available include:

- Credit counseling for potential loan clients is mandatory. All applicants are required to go through CDFI-approved training on financial literacy.
- Student savings accounts with a \$5 minimum and no service fees are available to enrolled students in Ashland, Lame Deer and Busby.
- Courtesy Cash—an unsecured personal loan up to \$300 at 8-12% APR. Money orders, check cashing, credit builder and credit repair classes are currently offered.
- Agriculture loan program up to \$85K available as an annual credit line are offered at 5% APR.

Expansion of these existing services is part of the Build Back Better EDA award. Where and how these services are administered is still undetermined. **Population Served:** There are 11,266 enrolled Northern Cheyenne tribal members, 5,012 of which live on the reservation. The credit union services will be offered in Big Horn and Rosebud counties within the boundaries of the Northern Cheyenne reservation.

Other Information: Warrior Meat Company (201 Main Street Ashland MT 59003 406-784-6769) is an example of a start-up business with great promise that was assisted by PPCD. Warrior Grocery store is collocated next to the start-up credit union.

1) Impetus for the credit union:

This startup credit union will be serving unbanked and under banked tribal members. By offering all banking services, this should reduce the number of enrolled tribal members that are currently underserved in a financial desert.

2) *Business structure and structure justification:*

Area lenders have changed as First Interstate Bank has shed its family-run business persona and gone to a more rigid corporate structure. According to PPCD Executive Director Sharon Stone, interest in lending in the Northern Cheyenne reservation waned. Assistance was available to help with the setup through the National Credit Union Administration. Within the Northern Cheyenne Tribe, cooperatives for power and telephone/internet services already exist, giving familiarity to the coop model, so forming a cooperative credit union made sense.

Four Bands, located in Eagle Butte, South Dakota has formed a nine-member CDFI coalition, five of which are in Montana; PPCD is one of these members. The recent announcement (September 2, 2022) of the EDA Build Back Better award to Four Bands will benefit the CDFI coalition by helping to build lending capacity in the region. Partnering with Four Bands and Oweesta Corporation as an intermediary CDFI will help bring shared banking and lending services to People's Partners as they start up the credit union. Shared costs for debt and credit card processing will assist all coalition members.

3) *Development process:*

Four-year process, hoping to incorporate the banking/lending credit union by the end of October 2022.

4) *Major challenges and setbacks:*

The Northern Cheyenne Tribal approval process is slow and multileveled. Approval process was slow at the National Credit Union as frequent employee turnover caused excessive delays and interpretation of application requirements ebbed and flowed.

5) *Lessons learned:*

During the cooperative process, Sharon Stone and PPCD were unaware of state resources—namely, the Montana Cooperative Development Center and the Montana Credit Union Network. This highlights the importance of MCDC's outreach efforts to rural and Tribal communities across the state, as well as demonstrates the value of MCDC's Indigenous Digital Resource Library.

Where can MCDC help?

1. Research shared services for underwriting and assisting with lien filing through a cooperative business model for the CDFI's and potential credit unions in Montana.
2. MCDC could assist with initial organizational and informational meetings regarding what a cooperative/credit union is.
3. Help with Board formation and training.
4. Contact Range telephone regarding broadband expansion for mobile banking services. Busby, for example, has 5G service while other tribal areas do not. A "Test It" was run and 19/4 down and 3 upload speeds was documented while in Ashland.
5. Explore how Akiptan (agriculture-based CDFI) might be able to help.

6. Continue to connect PPCD with the Montana Credit Union network and other Credit Unions in the State for cooperation amongst cooperatives.

Additional resources:

Lending Opportunities and Barriers in Indian Country: A recent study from the University of Montana Margery Hunter Brown Indian Law Clinic (July 2022) revealed additional barriers to lending in Montana—find this study on MCDC’s Indigenous Digital Resource Library.

Montana’s Credit Unions: MCU provides business services, health insurance, and social and economic programs to credit unions. As PPCD moves forward with the credit union, MCU will be a valuable partner.