

Consumer Credit Stories: Perspectives on Credit Realities





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Acknowledgments

About Credit Builders Alliance

CBA is a DC-based national membership network comprised of nearly 600 asset building nonprofits across almost all 50 states, DC, and Puerto Rico. We serve as a bridge between the nonprofit sector and the credit industry, offering technical services such as access to credit reports and credit reporting, access to capital through our CDFI intermediary, CBA Fund, as well as capacity building for nonprofits and practitioners. We do this through our signature *Credit as an Asset* training, rent reporting technical assistance center, and credit building program design support at the organizational and municipal levels. We strive to cultivate communities of practice, connecting members supporting a variety of populations with credit building. For more on CBA, go to creditbuildersalliance.org and cbatraininginstitute.org. For more information, contact us at info@creditbuildersalliance.org.

Master Trainers

Credit Builders Alliance (CBA) would like to especially thank the following **Master Trainers** for conducting the interviews and developing these case studies.

- **Andrés Serrano**, Training and Technical Assistance Coordinator, Heartland Human Care Services, Illinois
- **Diann Payne**, Retired Executive Director, Jackson County Civic Action Committee, Inc., Mississippi
- **Lanalle Smith (Dine')**, Senior Program Officer, Oweesta Corporation, Colorado
- **Jon Vosper**, Deputy Director, International Rescue Committee, Arizona

Interviewees

Our gratitude goes to the 10 people who shared their stories and experiences. Your stories inspire us and have given us much to think about and learn from. Thank you **Ana, Christy, Felicia, Hawa, Kristine, Louise, Natalia, Stella, Tyarra, and Velyncia**.

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**Goldman
Sachs**

Description

Traditionally, messaging on the importance of credit comes in the form of advertising from financial institutions trying to sell a product or from researchers sharing statistics. Our approach to this work is different.

Credit Builders Alliance (CBA) partnered with four Master Trainers—experienced credit building practitioners from organizations across the country—to conduct interviews with historically marginalized individuals about their experiences with credit. Interviewees shared words associating credit with both negative connotations (e.g., debt, fear, limited options) and with positive connotations (e.g., control, power, choice, financial freedom, and wealth). Participants share the realities of external structural challenges and difficult internal choices.

This project lets the interviewees speak for themselves. Each person was interviewed and that interview was later transcribed, edited for clarity and length, and reviewed and approved by the interviewee. In the following pages, you will be introduced to honest conversations about their experiences with credit organized into themes: Changing the Narrative, Predatory Lending, Navigating Debt, Paying for Higher Education, Refugee Experiences, Access to Credit Products, Native Communities, and Asset Purchases.

We encourage you to read and reflect. Let the interviewees' words, stories, and experiences speak for themselves.

- **What themes do you notice?**
- **What solutions come to mind that take these narratives and realities into account?**
- **How can we change the narrative and make a difference?**
- **How will these stories impact your work?**



Consumer Perspectives: Changing the Narrative

Many participants shared how family and cultural background impacted their perceptions of and experiences with credit. Culture of origin, age, race, and geography contribute to the many challenges they faced in understanding and accessing the credit system. While some participants credited their parents and family with setting them on the right path, others struggled but are now finding their path forward.



Navigating Complex Financial Systems through Financial Coaching

Hawa, refugee from Chad, New York

Hawa was referred to the International Rescue Committee (IRC) after she was denied an apartment due to her poor credit. Through what she learned, she has improved her credit.

“You feel good when you check your credit score and they say that you are doing good. You feel that you are shifting something and good on paying things. And that gives you some comfort, some confidence.

One day when I succeed in my business, I will say that it’s thanks to the program, that today I am who I am. I hope in two to three years, I become this woman who can say, yes, I am a business woman—a *successful* business woman.

If I have a very good credit score, and they know that I can pay my credit, I hope that one day, if I really want a good amount of money, it will be easier because they will say, this woman paid her credit on time, there is someone, somewhere who can trust you—and if someone trusts you—it’s because they believe in me. So, I have to believe in myself too.”



Felicia, Citizen Potawatomi Nation Tribal Citizen,
Oklahoma

“I think credit is a very personal topic. We have lots of meetings in group settings, but very few people raise their hand to ask a question. Because again, it is personal. A lot of people feel like we should already know this stuff. But if you’re never exposed to it because of generational poverty, then you don’t know it.

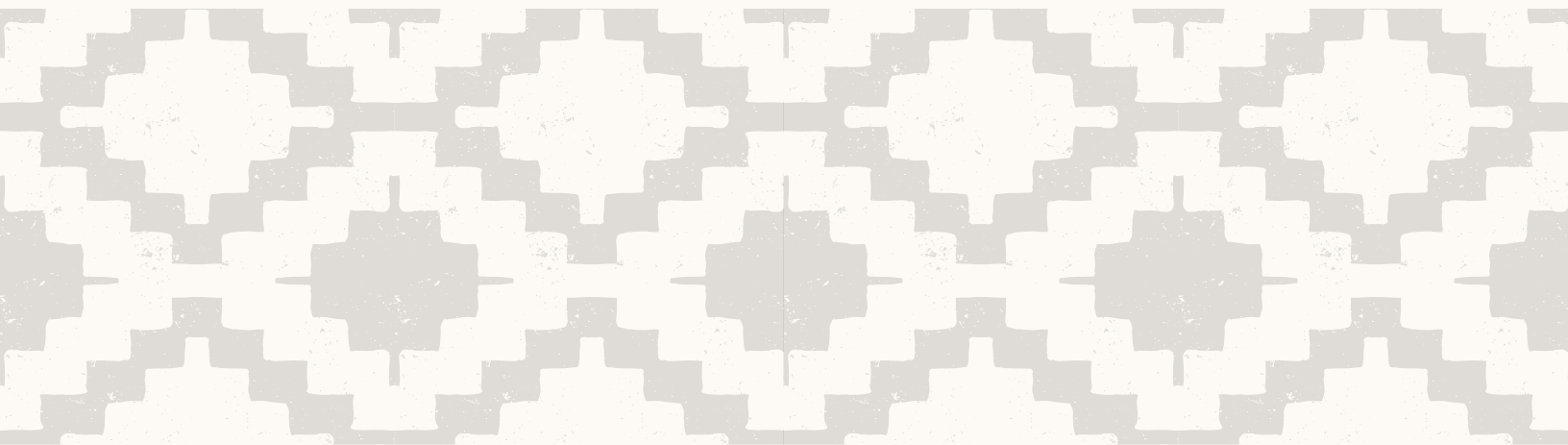
For the most part, most of the participants in the program have used credit, but for whatever reason, their credit is needing some help.

They touched the stove, it was hot and they realized they don’t want to go back. So, it’s just that training that credit is important in building assets. You can

build your credit, you can overcome the obstacles that you had in the past just one step at a time.

I think we would assume that credit, debt, [and] asset building would be taught at school. They’re just not. People are muddling through and some people find their way, some people get bogged down and just think I don’t need credit. That education component is key. People don’t know what makes up their credit.

Most of the people we work with, once we give them all of the tools they need to learn and to grow and to build their credit, they just take off running full steam.”





Ana, immigrant from Nicaragua, Illinois

“Almost two years ago, I married a US citizen here and that was how I came to this country. It is a tremendous change, because it is starting from scratch.

It’s a cultural issue. We don’t talk about money. I have come to learn how to balance my finances here for some time, but I do feel that we have always been responsible with expenses and not to spend more than what you have. We never had a budget and credit in Nicaragua.

I started to change when my child was born and started crawling. My house had no floor, it was dirt. Those things made me feel like I had to change. One begins to try much harder. Then you say, wow, you can get that with a lot of focus. So, with this focus, I managed to excel in this country that has had many challenges.

The workshop topics of budgeting, how to manage your savings, of all these different financial areas, has allowed me to broaden my vision.

It is true that I did not know this before. Practicing this way of managing a family or personal budget has helped me a lot. All those tips on how to be more aware of the best way in which I can take on the financial part of my life. In fact, one of the most important things I have achieved with you [the financial coach], was to take the step to go to a bank and ask for a debit card.

And that for me was after almost two years of building the courage because I was fearful.

In the end, it was so simple. The girl [at the bank] who helped me was a very friendly Mexican, and she made it so easy for me that I was impressed. Sometimes those fears stop you and maybe they’re simple things or things you don’t know, but if you don’t try, then you’ll never know.

The card I currently have is a debit card and I don’t believe I’m establishing credit history. This is the one pending goal I have, to get another card. She [the banker] told me that I can open a secured card. So, that is what I still have pending.”

Consumer Perspectives: Predatory Lending

Consumers spend nine billion dollars a year on payday loan interest and fees. However, the scope of predatory lending is much greater than short-term loans. Exploitative lending practices show up in auto lending, rent-to-own, and mortgages and refinancing, among other areas.

Diann Payne, retired Executive Director of the Jackson County Civic Action Committee, states, “Unscrupulous lenders prey upon low income/uneducated communities. Lack of knowledge of credit products, access to affordable credit products, and a relationship with mainstream financial institutions prevent many from becoming credit savvy and/or credit worthy. There is a lot of fear and mistrust of financial institutions among low-to-moderate income communities. It is unfortunate that, in many cases, the only option available is rent-to-own, payday lenders, and cash for title.”

Lanalle Smith (Dine’), Senior Program Officer at Oweesta Corporation, shares that due to the sovereign nature of Native American tribes, each tribe has the authority and ability to create and adopt anti-predatory regulatory codes, or they can default to the state’s regulatory codes regarding predatory lending, and leads to variance across tribes. Tribal communities historically and currently use trading posts as a one-stop shop. Lanalle shares,

“Most trading posts include a pawning business. This allows people to pawn traditional items such as woven rugs, baskets, pottery, ceremonial items, and pow-wow regalia. This form of access to cash is a high-cost transaction and the individual risks losing their personal items due to non-payment.”

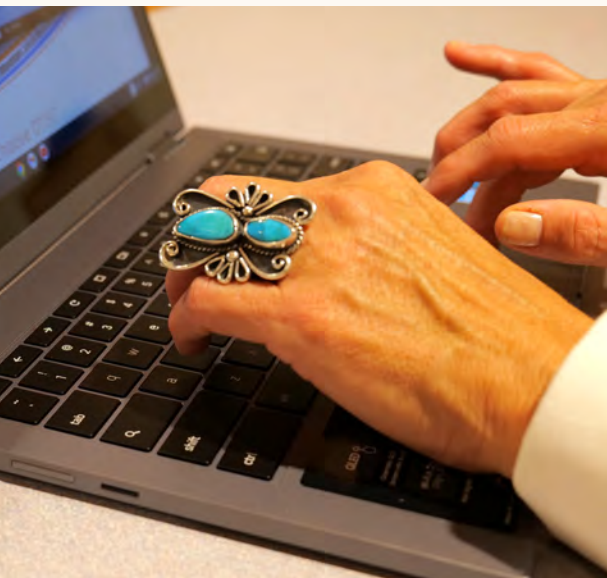
Following are examples of how individuals are impacted by various predatory lending products:

- **Short-term loans**
- **Auto loans**
- **Reverse mortgages**
- **Rent to own**

Short-term Loans

Louise, Tlingit Tribe, Alaska

“My friend had six payday loans that she was trying to take care of. She was trying to decide if she was going to quit one job because she had leave built up and then just go to a different job, so she'd get her leave paid out and help pay some of those loans down. I just can't believe that people are able to do that. Six payday loans is crazy.... I didn't even realize that you could do payday loans online. She felt so bad. She ended up quitting and using her leave payout to pay off the loans, that was the way she could figure out how to pay her payday loans.”



It's like hitting a wall. You turn this way, and you hit a wall. You turn this way, you hit a wall.' Sometimes people just get into desperate situations when they do need money.”

—Kristine

Auto Loans

Kristine, Navajo Nation, Arizona

“Unfortunately, there are a lot of predatory ‘Buy Here, Pay Here’ auto dealerships in border towns. A lot of the credit problems people have are that a vehicle broke down long before the car note was paid. The dealership took it back and it's just demolishing the credit of the people that didn't know better but had to have a vehicle. They didn't know to have it inspected elsewhere. They were just happy that somebody was actually going to give them a vehicle and took them for their word, that this is reliable, it's been inspected. And then you've got the deficit on your credit report, and you still have to have a vehicle. It's a huge barrier.”

“We don't have any dealerships on the reservation, but, boy, we do have dealerships that will show up at our weekly flea market, little swap meet that we have every week in our community. We'll have dealerships from the border towns that will come, and they're selling their vehicles to our community members. The payday loan companies or the finance companies, short-term finance companies, they're located not in our communities, but they're located in the border towns. People don't realize how much interest they're paying on these loans.

All they know is ‘I need this money. It's an emergency.’ They kind of get into this cycle of, ‘well, I'm going to take this loan because I need it, and there's really no other option, it's like hitting a wall. You turn this way, and you hit a wall. You turn this way, you hit a wall.”



Reverse Mortgages

Louise, Tlingit Tribe, Alaska

“Right now, a lot of our elders are going through it [predatory lending]. They own their homes outright. We have a lot of reverse mortgages. The hard thing is once somebody dies and they have a reverse mortgage, that has to be paid off immediately or else it goes up and whichever lender holds the note can sell it. That’s been our hardship. Once they pass away, it can’t go to their family unless they have the cash or the ability to get the loan to buy that house back... I think that’s the hardest thing. I wish our elders would understand a little more about it.”

Rent-to-Own

Tyarra, Mississippi

Tyarra experienced predatory lending while trying to purchase a home. She thought she had purchased a rent to own house and paid the house off, but then wasn’t given the deed to the home. She later realized,

"I had a contract, and he changed the contract. The first one he gave me was rent-to-own. The second one, when he renewed the yearly lease, he changed it to rent. I didn’t read it. Didn’t pay any attention to it. Just signed it."

When I tried to purchase that same house that I ended up renting to own, I couldn’t purchase it because my credit was messed up at the time. It was a small amount of money that I was asking for, and they wouldn’t even loan me the small amount of money.”

Tyarra is currently engaging in financial coaching to work on building her credit and savings to accomplish her goal of home ownership.



Consumer Perspectives: Navigating Debt

Debt can take many forms: credit cards, installment lending products, buy now and pay later products, auto loans, and student loans, among others. According to Prosperity Now, 13.2% of Americans are behind on bills. The average credit card balance is \$5,315, auto loan balance is \$19,703, and student loan amount owed is \$38,792. The Urban Institute's research on Debt in America says that 29% of Americans have debt in collections averaging \$1,835 and 15% of Americans have medical debt in collections.

It's no wonder that many people share concerns and confusion around debt, credit, and repayment options.



Velynica, Mississippi

Velynica credits her mom and the lessons she learned as a young person with keeping her on the right path with her finances and credit. She said,

“Ooh, it’s like when I get a debt, it’s like a stress that comes over, it’s like, ‘I got to pay it back. Got to pay it back.... Okay, you got to pay it back this day. You gotta pay.’”

I try to not let it get over the amount it’s supposed to. I try to pay everything on time so it won’t get over and accumulate interest.”

Even still Velynica did purchase a watch on installment credit and later realized that she was paying 30% interest on it. She states, “And then to this day, I do not use that [lender], I do not use them anymore.”

Velynica keeps on track by “...one way how I got out of debt and had my ducks lined up in a row is, I just started just sacrificing, not going on vacations, not shopping. The money that I think I’m going to shop with, I put that towards a debt. The money I think I’m [going to] vacation with, I put that towards debt until all that is paid. But a lot of people, they don’t think that way at all, because they don’t wanna sacrifice their pleasure to get out of debt.”

Prosperity Now: scorecard.prosperitynow.org/data-by-issue#finance/outcome/fell-behind-on-bills

Experian: www.experian.com/blogs/ask-experian/research/consumer-debt-study

Urban Institute: apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_debt_collections



Credit is a Necessity

Tyarra, Mississippi

“I understood you could get it, get a credit card and charge and shop. I didn’t understand you had to pay it back so soon. It got me in a lot of trouble. After that, I got my credit back on track, and went and purchased a sofa from a furniture store, and the furniture store sold my account [to collections].”

While trying to get back on track, Tyarra was injured on her job and has been unable to work for three years.

“At one time, I felt like if I had money, I could get anything that I wanted, that credit really wasn’t important. I had that mindset, and I felt like if I wanted something, I’d just pay cash for it. Now that I’m older, I’m realizing I need credit to make it through in life.”



Getting into Debt is Easy, Getting out of Debt is Hard but Doable

Kristine, Navajo Nation, Arizona

“When I was young, they just made it so easy. You thought you hit the jackpot when you get that card. It’s crazy. I always remember my mom saying, ‘Don’t get into debt. Don’t get credit cards. You don’t want to have them.’ But I thought, ‘I qualify for this. I can.’ Then of course years down the road I realized she was right.

There was a time when I ran into financial difficulties as a single mother and I was having trouble making my car payment. I didn’t know what to do, I didn’t know that I could call the creditor and tell them what I was dealing with, I didn’t know I could make payment arrangements. I have learned so much since that time of my life.

It just showed me that if you didn’t have good credit, then you were paying these outrageous interest rates. The amount of the loan, if you amortized it, it ended up costing probably double what you paid for that. The price tag of that car was doubled with the interest payments. It was just crazy.

If you have a ding on your credit, gosh, that can drag you down so much. It’s almost like you can be thrown into a deep puddle that you have to really dig hard to get out of. That can be horrible. It’s really important to make sure you know what’s going on with your credit.

When you look at credit as an asset, it can keep you in a position where you’re not spending as much money compared to somebody who has bad credit. Gosh, bad credit can cost you a ton of money.

I knew that if I did something wrong with my credit, my credit score would drop. My credit score was probably up in the 700s. Of course, I didn’t pay attention to how important that was. I just knew it was good credit. Then I ended up getting a divorce. It’s like everything came crashing down. Gosh, it was like the 2008 housing crisis was the Kristine crisis too, because things just came crashing down.

When I was just divorced, I moved to a [new] community. That was when the housing market was just blowing up and banks were giving loans left and right. I thought, ‘Oh, I should maybe get a loan and buy a house here.’ I got declined, I was told because of my credit. I had gone through the divorce and there was this big mark on my credit. It was just so heartbreaking. It was an eye opener for me because this is reality now.

I’m really careful with what I do as it relates to credit, because I don’t want to be in that position ever again. I had this happen but I learned that it’s not forever. Your credit score will not be this way forever. You can improve it.”



Consumer Perspectives: Paying for Higher Education

Higher education continues to be a sought after and often foundational asset, however, this comes at a high cost. Student loan debt can have a significant impact, both positive and negative, on the credit score and one's ability to obtain future assets.

Tyarra, Mississippi

“In high school, my senior year, I developed spinal meningitis. I was in a coma, and basically, after I came out the hospital, I missed so many days of school, I wasn’t going to graduate. Even though they told me while I was in the hospital they were going to help me, when I got out the hospital, they act like they forgot I was even sick. I ended up not graduating. I end up going to the GED program at Mississippi Valley State University, and that’s how I left that program and I end up in Job Corps and graduating from Job Corps in Albany, Georgia.”

Tyarra later returned to college and said, “I borrowed the money, borrowed the money, borrowed the money, lost my job, wasn’t able to pay all the money back. So, basically, killed my credit again. The bulk of the things I have on my credit is basically student loans.”

Tyarra had \$50,000 in student loans and was in default. “That’s why I couldn’t go back to school, because I was in default, and I couldn’t get back in school, so that’s why I haven’t completed my last semester of college.”

Thanks to the accommodations offered during the pandemic, Tyarra is now in good standing with her student loans.





Kristine, Navajo Nation, Arizona

“I talk about my daughter and her being debt-free. That’s not the situation with me. I have student loan debt.

It’s really interesting for young people to know that, gosh, it’s so easy to get student loans to go to school to help you, but if you can avoid that, avoid it, because these student loans can hang out there for a long time before the balance starts to come down. I look at that now and I think, gosh, I wish I would’ve done things a little bit differently when I was going to school.

I see a lot of first generation college students who are trying to make a difference. As first generation college students, my sisters and I didn’t get a lot of support from our family. This was all new to them and we had to figure out the process on our own. I’m thankful for my sisters. We leaned on each other through the process.

I want to be able to be that person that can step in and help that young student who has questions, who’s not sure, who maybe doesn’t have the support system at home. I really believe that education is going to open that door so that people can reach their goals.”

I want to be able to be that person that can step in and help that young student who has questions, who’s not sure, who maybe doesn’t have the support system at home. I want to be able to be that person that can help them, or at least give them some resources to get themselves on the path so that they can reach their goals.

—Kristine



Ana, immigrant from Nicaragua, Illinois

Ana shares her pursuit of higher education: “This is the moment when you say ‘no, I, I can, I have the ability, I’m asking God for truth, a lot of wisdom, a lot of inner strength to feel capable again to achieve things, because you feel that you left everything and that you will not be able to do anything. But there is resilience, resilience and finding confidence in yourself that you can achieve what you set out to do, that you are going to achieve it and that you are going to take back the reins of your life. Because you feel like you’ve lost your path, because you’re out of place and out of your comfort zone. But you can.

I have taken several courses and I am still studying. Sometimes I take too many courses that there comes a time when I say ‘whoa, I don’t have to do this. So, I say no, no, no, no, no. I have to focus on which one I’m doing that’s what I’m going to prioritize.’ I do love learning about various things, not just one subject. I love technology, I love medicine, I love it. Sometimes the hardest thing for your own fears is to get rid of them and say I’m going to achieve, I’m going to do it.”



Sometimes the hardest thing for your own fears is to get rid of them and say I’m going to achieve, I’m going to do it.

—Ana

Refugee Experiences with Paying for Education

Jon Vosper from the International Rescue Committee (IRC) shares that student loan debt can be substantial for many refugees, even soon after their arrival in the United States.

“Many community colleges and universities will offer ESL as a pre-requisite to starting credit courses; these schools use newcomers Pell grants to fund the initial year/s of classes—even as they may still be considered a nonresident, which uses up more of their PELL grants. Many refugees end up burning through those Pell grants before they can use them towards even an associate’s degree.

Subsequently, we [IRC] see the use of student loan debt quite liberally early on in a newcomer’s journey, racking up \$40,000 in debt within a few years of their arrival, for example. Many use the loans for living expenses as well, running the costs up quickly. Generally, we are seeing many of these loans in deferment on credit reports. We do not usually see delinquencies. The overall payment obligation can begin to be large for a low-income family.”



Consumer Perspectives: Refugee Experiences with Credit

Immigrants and refugees arrive in the U.S. with vastly different experiences and backgrounds that informs their perspectives on financial services.

According to Jon Vosper of the International Rescue Committee (IRC), many refugees lack familiarity with formal financial systems and may distrust financial systems. Though the concept of trust, repayment, and ability to repay are understood by many refugees, understanding the concept of a credit report and score is new for many. Contextualizing the credit system by providing examples of how it translates to practices in the refugee's home country is key. For many immigrants, there can be an aversion to the thought of taking on debt when they struggle to pay basic bills. Use of credit products may be further limited as individuals from some religious communities do not want to use or incur interest.

While refugees arrive in the US with no credit history, each refugee head of household, signs a promissory note for an International Office for Migration (IOM) loan to cover the cost of plane tickets to the United States. Many refugees have no idea that this is a loan. In their state of crisis, they are more than willing to promise to pay back thousands of dollars to come to the US to find safety. Thus, many refugees' first credit report contains delinquent IOM payments, which may be in collections and leads to a low credit score.





A series of small, credit building loans from IRC have helped Hawa access rental housing and stay afloat.

Hawa, refugee from Chad, New York

Hawa fled to the US after she was abused and disfigured by her husband. While unemployed, she tried to get a small business venture selling haircare products off the ground.

“I tried to find a job. When I get interview on the phone it goes well, until they see my face. They say we’ll call you. But nobody calls me back. I take some classes on entrepreneurship...I hope that it will help me [with] a real business plan and become a real business because now it’s like a hobby, it’s surviving things. It’s not really a business.

When we start [the small dollar loan], we start with the small amount and I pay on time. Then after they ask me, if I want to increase [my line of credit] and I say yes. [They] increase [the loan amount] and I’m still paying on time.

You feel good when you check your credit and they say that you are doing good. You feel that you achieved something and that you are good at paying things. That they give you some comfort, some confidence.

In Africa we are afraid to borrow money from the bank because it’s not good. But here, you must show that you can borrow money and pay it [back] well, so people can trust you. I hope in 2-3 years I will become this woman that can say yes, I’m a successful businesswoman.”

Stella Experiences the Catch-22 of Credit

Stella, refugee from Uganda, California

“I was introduced to credit by a friend, she tried to explain to me what credit was, but it didn’t make sense to me...because she was like, you have to go borrow even if you have money, you can’t use your money to pay to buy something, you need credit. I was like, ‘I have the money. Why can’t I pay?’ I was scared of getting debts. I know debts can get you in trouble, you can lose everything. I didn’t want that, I want to live a lifestyle I can afford.

As time went on, I realized, like, you couldn’t do much without credit. You couldn’t get the house for rent. You couldn’t get certain things because of credit. Nobody was willing to give me credit because they wanted history. I’m like, ‘I’m just starting. How do you want history from me? I’m a new client. I need to start from somewhere.’ But most companies rejected me.



Nobody was willing to give me credit because they wanted history. I'm like, 'I'm just starting. How do you want history from me? I'm a new client. I need to start from somewhere.

—Stella

So many people don't have credit and in my community, they don't know where to start. They're scared to start. Not many of them will be bold to go to a bank. They rely on friends, and some of those friends have also made mistakes with their credit, so they can't give them the right information, so they end up following wrong information and it gets them in trouble.

I went to a banker and I needed information about credit because I didn't want to hear stories from friends based on their experiences—they were just gambling with credit. Nobody could explain to me clearly what it was. They kept on telling me different stories. I went to a bank, and I asked the banker to try to explain to me what it was because I needed information from a true source. The banker tried to explain to me, but it didn't make much sense because he was telling me that I have to use my money if they were to give me credit.

I started with \$300 [secured credit card]. I got on their system. I asked which things I could use to buy because I didn't know. My priority was rent and the basic things, maybe food. I couldn't use my credit to pay rent and I didn't want to get stuff I didn't want. I had a tight budget. After I established that credit, I get every company offering it to me. I am like, 'where were you when I needed you?'"

Credit has helped Stella access rental housing and other necessities, but she still struggles financially.

"My budget grows bigger and bigger everyday. I'm a lot more conscious, with money and with the choices I make. I realized sometimes I have to make sacrifices, to sacrifice some of my dreams.

It [your credit] can crash in a day, the blink of your eye, can crush your credit. I had a situation where I had a medical condition. I went to hospital. I had no idea this was going to affect my credit. They gave me this huge bill I couldn't pay. Thanks to financial coaching, I got a coach who took me through because it was too much for me. It scared me to death to know that I can lose credit like this. And then crush on my dreams because it's even harder to repair your credit once it's gone. It takes so many years to fix it.

We just try to survive here, because it's not that easy. I worked so hard, I work day and night, two jobs. I've been working a 12-hour shift at night and then a 6-hour shift to make ends meet. Sometimes I don't have even that time to think clearly, to think of dreams, but just there for survival."

A close-up photograph showing two pairs of hands. One hand is holding a black pen, poised to sign a document. The other hand is resting on the paper. The background is blurred, focusing on the action of signing.

Consumer Perspectives: Access to Credit Products

A good credit history can make the difference in accessing the affordable lending products necessary to go to college, buy a home, or start and grow a small business. Renting an apartment, paying for car insurance, signing up for utilities, and even landing a job can also be affected by a person's credit history—or the absence of one. However, pathways to enter the credit system vary greatly. Some may enter the credit system as an authorized user on someone else's account. Others may take out a student loan, an auto loan, or credit card. How the lending product is used ultimately determines one's credit score, and also impacts future access to and cost of credit.

Historical Context of Financial Services

Lanalle Smith (Dine') of Oweesta Corporation provided additional context around banking in Native communities. She says, "Historical systemic trauma associated with western economic accessibility has influenced generational barriers to accessing capital. For example, the original prohibition of Native communities' ability to access capital has been passed down to the current generations, which includes a lack of trust in traditional banking. Additionally, many communities face explicit racism in the banking institutions that border reservations, which adds to the generational trauma associated with engaging in the western economy."

Christy, Osage Nation Tribal Citizen, Oklahoma

Christy shares about asset building in Native communities.

"I don't think there's ever been the resources needed to scale asset building in Indian Country. We've been under-resourced for a long time. How do we address the situation where we have 50% of American Indians and Alaska Natives that are unbanked and underbanked? There can be distrust and concerns about frauds and scams. How do you deal with that, especially during the pandemic when people are scared and having a lot of other challenges?"

Banking access and the digital divide, they are real and they do impact all of our programing... So, when we're working with an individual that might have a flip phone, no internet service, no stable mailing address, and who have no bank account, we have to provide workarounds to serve them."



Credit as Both a Deficit and an Asset

Tyarra, Mississippi

“I started out with credit cards. Me and my kids’ father got credit cards together.... I understood you could get it, get a credit card and charge and shop. I didn’t understand you had to pay it back so soon. It got me in a lot of trouble. After that, [I] got my credit back on track, purchased a sofa from a furniture store, and the store sold my account [to collections].

The loan hooked me in, and basically, after that, they were sending me things in the mail, ‘You can borrow money here. You can borrow money there.’ [I] borrowed the money, borrowed the money, borrowed the money, lost my job, wasn’t able to pay all the money back. So, basically, killed my credit again.”

Tyarra’s perspective has shifted over time, “At one time, I felt if I had money, I could get anything I wanted, that credit really wasn’t important. I had that mindset, if I wanted something, I’d just pay cash for it. Now that I’m older, I’m realizing more I need credit to make it through in life. To get a house, you need credit. To get a new car, you need credit. And, if you don’t, if you out here, and you don’t have money to pay for things cash, you’re stuck, because your credit’s not good, because you haven’t been paying into it.”

I’m trying to help friends now learn how credit works. Help them in understanding that you need to pay your bills on time to show that you’re trustworthy. It’s just a lot of things that people don’t understand.

They think that, right before they get ready to buy a house, they’ll straighten it up, it’ll be okay. But, they don’t understand they look at the long history of how you’ve been paying your bills, and it hurts you, they look at your past history of how you paid your bills.

I try to tell friends, ‘Stop getting all these bank overdrafts. They look at that. If you can avoid it, stop going to payday loan places.’

I’m proof you can do it. I say, ‘I’m doing this right here. You can do this also.’”

And, now that I’m older, I’m realizing more I need credit to make it through in life. To get a house, you need credit. To get a new car, you need credit. And, if you don’t, if you out here, and you don’t have money to pay for things cash, you’re stuck, because your credit’s not good, because you haven’t been paying into it.

—Tyarra



Consumer Perspectives: Native Communities

There are over 574 Federally recognized tribes in the US. Tribal nations, and 326 Indian land areas.¹ A majority, 54% of the American Indians and Alaskan Natives, live in rural areas and 64% live on and near Native lands.² While each Native community has distinct geographic and economic landscapes, many face infrastructure challenges that impact access to basic services including running water, electricity, internet, health care, and financial institutions. In fact, most residents living on Native lands must travel more than twelve miles to reach a bank. Given that banks are a key conduit to credit access, this leads to limited access to credit.³ According to the Urban Institute, in predominantly Native American communities, almost one in two individuals have a subprime VantageScore (600 or less).⁴

Additionally, many Native communities are oriented towards a collective approach rather than an individualistic one. Given that the credit system is predicated on an individual's score, the concept of credit does not always align with a community's lifestyle.

Connecting Cultural Beliefs and Credit

Felicia, Citizen Potawatomi Nation Tribal Citizen, Oklahoma

“I think just reminding our participants that saving, planning, all of these things are not new to our tribal communities. Our ancestors have planned for seven generations. They never ate all the seed corn. They always saved for the winter months of our lives. I think just by starting off the session with something culturally relevant like that, just stating that this is a different strategy, but this is not new.

Our people have always reserved our resources. This is just a different way of playing the game, if you will. Once they know what to do, you just see them wholeheartedly jump into correcting and moving forward.”

1 US Bureau of Indian Affairs: www.bia.gov/frequently-asked-questions

2 Twice Invisible: www.usetinc.org/wp-content/uploads/bvenuti/WWS/2017/May%202017/May%208/Twice%20Invisible%20-%20Research%20Note.pdf

3 Access to Capital and Credit in Native Communities: A DATA REVIEW: nni.arizona.edu/application/files/8914/6386/8578/Accessing_Capital_and_Credit_in_Native_Communities.pdf

4 Martinchek, Kassandra, Alexander Carther. “Native Communities Face Sustained Challenges to Building Financial Resilience.” Urban Institute, February 25, 2021. www.urban.org/urban-wire/native-communities-face-sustained-challenges-building-financial-resilience



Louise, Alaska, Tlingit Tribe

“They [my parents] didn’t access credit, because there were no banks in Hoonah [Alaska]. And still, my parents don’t have a credit card. They barely use the bank and my grandma and grandpa never had a credit card and they didn’t use a bank. They had their money buried in glass jars.

We have always been really good at saving. Not because we’ve had banks, not because we have money in our accounts, but because we have been taught from a very young age that we go out and catch fish and we dry it or we freeze it or we can it or jar it and just realize that that’s part of savings.

There was a group of elders that my dad would take fish and deer meat too. He always told me it was an insurance policy to take care of them, their kids or their grandkids will take care of you when you’re older. I still do that here with my kids. We can afford a boat and we can afford to go out. So we go out and we get fish and we get deer meat and shrimp and we share it with the elders.

You could buy money orders at the post office, or you could go and get a cashier’s check from the store. Most villages let you borrow or put it on credit and then at the end of the month, you pay your bill. Just working on my credit was a really big thing because coming out of Hoonah, you didn’t even know what that was.

I think that if you’re going to stay in your villages, you don’t need to worry about having credit cards. You don’t need to worry about buying a vehicle. Credit is not necessarily a necessity in the smaller villages....[For us] it’s been used as an asset, definitely.”



Despite being thousands of miles apart, Kristine shares a similar perspective.

Kristine, Arizona, Navajo Nation

“Our parents grew up in boarding schools, so they’re the first generation to be educated. Before my parents, before my grandparents actually, they didn’t deal with cash. We were a society that dealt with trading.

People come together help one another when times get tough. Everyone puts money in the pot when there is an emergency. When things happen, something happens within the family, people lean on each other. That’s one thing I know that happens in our Native communities and our Navajo communities.

With my parents’ generation, they started working. They started earning money without really knowing how they should budget. They didn’t really understand that part, setting some money aside. I can only imagine that, in our community, there’s probably so many families that don’t know about financial education. They don’t know what a budget is, because that’s something that we really haven’t talked about before this. It was just basically living life. But now it’s like we have that word or those words ‘build wealth.’

Building wealth through financial education is what I heard and the light bulb went off in my head, and I’m like, ‘wow, that is so true. That is what we need to do, what we need to educate our people on. I want to teach them how to take care of their money, how to be the caretaker of their own money and how that can grow. It’s so different on the reservation. It’s so different to live here.’

My grandfather was a medicine man. As a medicine man, he had his medicine bundle with all of his tools and stuff. My youngest aunt takes care of that medicine bundle. That’s the one family inheritance that we have that belonged to my grandfather. Whenever our family has a ceremony to cleanse or do a blessing, it’s just so awesome to be there and be part of that, because it is something that we have inherited from him and probably something that he got from his grandfather. That’s the one thing that I think about when it comes to inheritance as a Native American is we have those things that are priceless. I’m so thankful for that.”



Consumer Perspectives: Asset Purchases

Strong credit in communities means increased economic stability, access to capital, and more community-led ownership in the form of homes, businesses, and collective assets. Credit building is well-established as a high-impact intervention for asset and wealth-building. The consumer perspectives below reveal that when credit building is tied to one's goals, credit becomes an asset rather than a deficit.

Leveraging Credit as an Asset

Louise, Alaska, Tlingit Tribe

“Going into this car dealership, getting a car and being able to do it on my own and being able to afford the payments was just amazing. It was like one of your next steps in life to become an adult. I was already an adult, but growing up in my village, it just seemed so unattainable.

I think one of the things that had the biggest impact on my life with credit is realizing that I could afford to buy a bigger house and accommodate our family. We had 11 kids at our tiny, 1,000-square-foot home. In order to keep doing that, we purchased this house. There's an apartment downstairs so the apartment has a renter in it. It was amazing to me to think that that covered most of the mortgage.... I would've never thought that we could afford this. I just never thought that big. We love this house, and it has so many memories. And it's the house that all of our family comes together.”

Recently, Louise and her family were able to accomplish another goal.

“We got a loan for a boat because we go out fishing and I go out hunting for seal and sea otter. The boat we got is a lot bigger and safer for us and it fits all of us. We can go out and it sleeps eight. We can go out for the weekend and not worry about anything.

We just take the dogs and all the kids and just go out on the boat and it makes our lives so much easier. It's been used as an asset, definitely. I've never gotten myself into trouble with getting too much debt.... I think the use of credit is definitely with our boat because without that, we wouldn't have been able to purchase it.”

Natalia Achieves Her Goal of Homeownership

Natalia, immigrant from Ukraine, residing in Chicago

“I’ve never had any credit before. In Ukraine, I was afraid of credit. I only used cash... I’ve never even considered it when I was working in Poland. I was working and spending only debit money.

When I came to the US, I realized that at one point or another, we would have to buy a house. I started thinking about what I need to be able to do that. The first thing that I learned is the credit score, and I have no freaking idea of what is that credit score and whether I get that. It was a totally different new thing for me.

I know that the internet has every information I need, it’s kind of exciting for me. I make an investigation, I gather information. I was worried a bit because I don’t know if we will be able to create credit for ourselves. I immediately started looking for credit cards, like the ones I can open because obviously cannot open the credit card for \$5,000. We’ve tried to open a few credit cards.

I feel like in this [financial coaching] program, it made all of the things that I found on the internet kind of stick together. After these trainings, I had the structure. I had the notes.

I didn’t know exactly what I need for a credit score. I knew that I have to have some credits, some credit cards, some credit line, but I didn’t know what I need to do with it.

It was difficult at the beginning. I tried to set up all of that payment, figure out when and which card I need to pay. But I manage all of that.

I’ve always known that I do need to buy a home or a townhouse or an apartment. Just something that would be mine. But when I was checking those apps, I realized that the prices are just too high.

But then this summer, my friend told me she found this good realtor and maybe she’ll purchase one. And I was like, ‘well, good for you, but we don’t have enough to purchase a home.’



I didn't know exactly what I need for a credit score. I knew that I have to have some credits, some credit cards, some credit line, but I didn't know what I need to do with it.

—Natalia

She said, 'well you're the first-time home buyers.' We contacted the realtor and she was like, 'Let's do it now. Don't buy the home for yourself. Buy home for investment. We were like, 'well, what is the investment? Why do I need an investment?'

She gave us a hint, and then we started to investigate. 'What is that? How does it work?' Maybe it's not that safe because it's not that common in a Ukrainian environment, in the post-Soviet Union environment, to invest. The culture is that you earn and you put it in the pocket or somewhere in the box and keep it safe.

So yeah, that's how we started to invest. And we really found out that it can be done even with our little money that we had saved. So, we just risked it and went for it."

"It's worth it. If you don't risk, you don't drink champagne."

Natalia and her husband were able to purchase their first home last summer!





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