



October 2018 marks a decade of Lending Circles. That's 10 years of issuing close to \$10 million in zero-interest social loans to create a fairer financial marketplace for the communities we serve.

Lending Circles has helped clients boost credit scores, access responsible financial products and services, and improve their overall economic situation — impact that 63 nonprofit organizations helped scale from San Francisco's Mission District to more than 20 states across the country.

Over time, we innovated beyond Lending Circles to provide immigration loans, business loans, and DACA-fee-assistance, while also building a financial coaching app to provide clients resources to meet their financial goals.

Now we're going even further. Through these past ten years, we have gathered invaluable data and insights from people's financial lives. With a vast dataset on how people manage to survive and thrive under the most difficult circumstances, we are turning our research insights into actionable lessons for the field.

In the spirit of Lending Circles — which builds on *tandas* in Latin America, *susus* in West Africa, and other informal social loans around the world — we hope to continue appreciating and drawing inspiration from clients' creativity and resourcefulness, and sharing these learnings so others may do the same.

That's why we're marking this anniversary by sharing 10 findings that stood out to us over the last 10 years. What follows is a story of progress, strong ties to community, and new paths to financial empowerment.

BUILDING CREDIT

64%



64% of clients improve their credit score during their first Lending Circle.

Credit-building is the number one reason clients join Lending Circles. And most are able to do just that during the program by increasing their credit score or establishing one for the first time.

36%



36% of clients with poor credit migrate to a more favorable risk segment by the end of their Lending Circle.

Poor credit can be hard to recover from — especially without the ability to add positive data through a program like Lending Circles. Migrating from “poor” credit to a “fair” or “good” rating could enable access to loans and housing, and even eliminate the need to pay a deposit on utilities.

8%



8% of clients took mortgages or auto loans while participating in their first Lending Circle.

Clients often join Lending Circles to work toward financial goals, such as buying a home or car for their family. Some purchase these assets during the 6-12 month program, and many others do so after completing their first loan with MAF.

99.1%



99.1% of the money we lend to those with no credit is repaid.

Many creditors deem people with no credit history as “risky,” often denying them access to low-cost loans for fear that they would default. However, we found this group tends to repay what they borrow: In fact, they perform as well as those with a “fair” credit rating.

BUILDING COMMUNITY

41%



41% of clients join Lending Circles to connect with others.

Clients benefit from the program beyond building credit, increasing savings, and paying down debt. Many also join to meet people, help others, or build community around their financial goals.

42%



42% of clients are financially interdependent with people outside their household.

They lend or gift money to family and friends, and receive it back in kind. Many clients say they leverage relationships and social capital to secure their cash flow and financial lives.

45%



45% of households earning wages also receive income from other sources.

Too often, a job isn't enough to make ends meet. Clients and their families combine formal-employment wages with income from other sources, including informal employment, alimony, government assistance, and social security.

“I entered [Lending Circles] to do a little bit of everything: pay some debt down, improve my credit, and learn to continue paying it forward sustainably.”

Michelle, MAF Lending Circle Client

BUILDING PATHWAYS

31%



31% of clients are entrepreneurs.

From working side gigs to being self-employed to owning a nano-business — clients are finding creative ways to monetize their skills and talents. Some even join Lending Circles to network and build a customer base for their business.

34%



34% of those who immigrated as adults took out a tradeline within two years of arriving in the U.S.

MAF's clients come to the U.S. with big dreams, which often require credit to achieve. Many added tradelines — often through a bank or MAF — soon after starting their financial lives here, often overcoming significant obstacles to access credit.

57%



57% of clients without a savings account still save money.

It's undeniable that certain financial products encourage consumers to save. But even without a savings account, clients are using other products and even informal tandas to set aside money for emergencies and long-term financial goals.

These 10 data points show that clients lead complex financial lives, often leveraging diverse strategies — including Lending Circles — to achieve economic security. We are diving deeper and will continue to share more insights with you! Stay tuned for additional reports, exploring these findings and more.