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Lakota Federal Credit Union Develops New Products to Support Financially Inclusive Economy

Kyle, South Dakota – November 7, 2016 – Over 25% of households in Oglala County on the Pine Ridge Reservation have neither a checking nor savings account, but the Lakota Federal Credit Union, the only federally-insured depository institution on the Reservation, is providing tools to help build the financial capability of local residents. Out of the credit union’s 1,800-plus members, about a third now have a savings account for the first time.

“Even though we serve an economically distressed community, we have seen enormous changes in the four years since we opened our doors. The key to that has been meeting our people where they are and continuing to evolve to meet customer needs,” says Tawney Brunsch, Chairman of the Lakota Federal Credit Union.

Most recently, the credit union introduced the 3-6-9 Share Account, a short-term certificate of deposit (CD), in order to help people gain experience with investing. Brunsch says, “With initial deposits as low as \$100, this is a financial tool that may not be conventional for traditional financial institutions, but it is feasible for our members. And that means they will be more likely to use it, gain experience with more complex financial products, and earn interest too.”

Brunsch emphasizes the importance of every dollar for low-income families. Twenty-eight percent of Lakota Federal Credit Union members have an annual income of less than \$10,000.

“If we can give people an opportunity to have an extra \$50 or \$100 at the end of the year by saving and earning interest on a CD, that is priceless. If they are able to cover costs for school, Christmas presents, or extra propane for winter without going into debt, then they are a little bit ahead for next year,” says Brunsch.

Caine Ghost Bear, a Nursing major at South Dakota State University, used the 3-6-9 Share Account in an innovative way to help him build his credit. With no established credit history, Ghost Bear knew it would be difficult for him to access a reasonably priced loan to purchase the textbooks he needed for the upcoming semester. Ghost Bear opened a \$250 certificate of deposit, and then was able to use that as collateral for a loan. Over the next six months, while Ghost Bear is repaying his loan, he will not only building credit but will also earn interest on his certificate of deposit.

“I never took out a loan, and they explained everything to me,” says Ghost Bear. He says that the credit he is building now will help him get future loans so that he can continue his schooling.

In order to support further development, the Lakota Federal Credit Union will use a recent \$1,000,000 award from the U.S. Treasury’s Community Development Financial Institutions Fund. That funding will cover basic operations like staff salaries, but it will also support new



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product development. Brunsch says checking accounts are next on the list. In addition, the credit union will also continue to explore opening a branch in Pine Ridge in order to become more accessible to residents in the southern portion of the Reservation.

“Receiving the highest possible award from the CDFI Fund affirms the importance of our work, but most importantly, it enables us to continue providing tools that brighten the financial futures of our people,” says Brunsch.

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About the Lakota Federal Credit Union

In August of 2012, the Lakota Federal Credit Union received its charter from the National Credit Union Association, becoming the only federally-insured financial institution located on the Pine Ridge Reservation. In December of 2014, it was certified by the US Treasury as a Native community development financial institution. Currently, the Lakota Federal Credit Union provides savings accounts, loan products, and various convenience services to those that live, work, worship, volunteer, or attend school on the Pine Ridge Reservation.

The Lakota Federal Credit Union’s mission is to provide quality financial services conveniently located at home on the Pine Ridge Reservation, in a helpful, professional and respectful manner and to provide effective tools for its members, the Oglala Lakota people, to save, plan, and provide for their futures.