



**BACKBONE**

**News You Can Use**

## **From Redlining to Reinvestment: Credit Unions in Action**

For much of U.S. history, access to fair financial tools has been closely tied to opportunity, stability, and who is accumulating wealth. For Black Americans, that access was systematically denied through redlining, discriminatory lending, and branch closures. Built by people walking together, credit unions provide safe places to save, fair credit, and mutual support.

That history still matters now. Black households [represented](#) about 13% of all U.S. households last year, but made up more than 32% of unbanked households and are more than twice as likely to be underbanked compared to white households, meaning families are more likely to rely on high-cost alternatives just to manage everyday finances. While banking access may exist on paper; affordability, flexibility, and trust often do not.

### **A Model Designed for Equity**

Early credit unions were frequently rooted in churches, labor groups, and community organizations, created to meet everyday needs like small loans, emergency savings, and pathways to homeownership when banks denied credit outright.

The cooperative model continues to show up in how credit unions operate today. Many offer second-chance checking accounts, lower fees, and more flexible underwriting, approving loans at lower credit score thresholds than traditional banks. These differences matter for households rebuilding credit or navigating financial disruptions, especially in communities where rigid standards have long limited access.

### **Reinvesting Where It Counts**

Credit unions don't just provide accounts; they reinvest directly in the communities they serve. In Washington, Backbone member [Verity Credit Union](#) provided a \$5,000 unrestricted grant to the Not Forgotten Foundation to strengthen youth leadership and reentry programming, supporting families impacted by incarceration as they rebuild economic stability and a sense of belonging.

Meanwhile, in Oregon, [Rivermark Community Credit Union](#) is partnering on a \$3 million affordable housing initiative led by the state's oldest Black church, helping replace a 1962 sanctuary with 44 new buildings serving veterans and their families, while preserving community heritage and expanding access to services.



These efforts reflect a broader pattern. As cooperatives, credit unions keep deposits local, reinvest in neighborhoods that were historically redlined, and answer only to their members: not distant stakeholders.

### **Building Pathways Forward**

Across the country, credit unions are creating pipelines to long-term stability through workforce development and financial education, reaching hundreds of thousands of people annually. Credit unions are also [more likely](#) than banks to serve Black- and women-owned small businesses, especially the smallest ones. Nearly half of all credit union business loans are under \$150,000, providing early, affordable capital that can keep a business going when options are scarce.

By design, credit unions make banking more transparent, flexible, and easier to navigate. Through reinvestments, steady presence, especially in communities that have long been overlooked, financial inclusion becomes reality.

### **Want to Learn More?**

Backbone is a national coalition of credit unions committed to expanding fair financial access and strengthening communities that have historically been underserved by the financial system.

Reach out to [hello@backbone.us](mailto:hello@backbone.us) or visit [backbone.us](https://backbone.us) to learn more.