

Episcopal diocese establishes credit union to expand access to financial services

by [David Paulsen](#)

January 13, 2023



A housing development project at St. James's Episcopal Church, as seen in this rendering from Dattner Architects, will include space for the headquarters of the credit union. (Courtesy image)

St. James's Episcopal Church in the Bronx borough of New York serves about 500 people [through its parish food pantry](#). Low-income households, like those receiving the pantry's assistance, also typically use banks less than the general population. Soon, they and others with ties to the Episcopal Diocese of New York will have access to a range of financial services through a new entity called the [New York Episcopal Federal Credit Union](#).

The credit union, a diocesan start-up ministry, received its federal charter in November. Now, its volunteer board is finalizing plans to launch operations and welcome its first members later this year.

Across the United States, federally insured credit unions function as member cooperatives—an alternative to for-profit banks. "The existing banking system is for

the benefit of banking shareholders,” said Matt Oprendeck, priest-in-charge at St. James’s, who is on the credit union’s inaugural board of trustees and has served as co-chair of the diocese’s credit union task force.

“Our target is not just to provide an alternative to middle class folks who may not want to work with a bank,” he said. The Episcopal credit union hopes “to reach the people who don’t use banks at all.”

About 7 million US households do not have a bank account, according to the [most recent federal estimates](#), and low-income and minority households [are among least likely](#) to use or have full access to professional financial services.

There are more than 5,000 federally insured credit unions in the United States, each with a specific “field of membership”—the criteria for membership, as specified by each institution’s federal charter. Those criteria mean credit unions are open only to a subset of the general public, however, the Episcopal credit union was fortunate to secure a rather broad field of membership, Oprendeck said.

Eligibility will include all worshipers, volunteers, church staff, and educators of the Diocese of New York, as well as anyone who participates in or benefits from Episcopal outreach programs in the diocese.

An Episcopal credit union is a way to “develop an institution that actually reflects the values that we say are ours, that then puts that power in the hands of shareholders,” Winnie Varghese said in a [webinar about the credit union](#) before the diocese’s convention in November. “People in the community are in charge of their own funds and can be in the work of empowerment.”

Varghese, now rector of St. Luke’s Episcopal Church in Atlanta, Georgia, previously served as a priest at Trinity Church Wall Street and was a leading advocate for the New York diocese’s credit union. Unlike a bank, Varghese said, “the credit union says of all of its members, your values, your collective values become our institutional values, so that means that we can serve people who haven’t been served.”

Studies have found that banks, for example, tend to open [more branches in affluent communities](#) than in poorer neighborhoods, and to minimize risk, they may implement barriers to equitable access to their services, such as minimum deposits or restrictive lending practices, Oprendeck said. Lower-income households often turn

instead to check-cashing businesses or payday lenders, which charge high rates for their services.

“We want to offer an alternative to that,” he said. The credit union “is owned by the people who have money in it,” so it will have more flexibility to accept new members, provide small emergency loans, host financial wellness seminars, and offer other basic services.

The New York Episcopal Federal Credit Union received \$250,000 in start-up money from the diocese and another \$250,000 from Trinity Church Wall Street. The credit union board also has launched a fundraising drive to raise an additional \$300,000, enough to fund the first five years—covering operating expenses such as staffing, office supplies, and computer technology. After that, the credit union hopes to have enough members to be sustainable without additional outside funding.

The National Credit Union Administration, the federal agency that regulates credit unions, approved the diocese’s credit union charter on November 7. It was the third such institution to be federally chartered in 2022. Nationwide, there now are 156 that are designated as faith-based or primarily faith-based credit unions, according to records provided by the agency.

“The creation of New York Episcopal Federal Credit Union means members, especially those of modest means, will now have greater access to safe, fair, and affordable financial products and services,” Todd Harper, the agency’s chairman, [said in a news release](#).

“Faith-based credit unions play a vital role in supporting their communities, and this new credit union continues that tradition. Through financial education and savings products, the organizers of New York Episcopal will put their members on a path to financial security and success.”

The New York credit union will be one of at least three operated by Episcopal entities. A congregation in New York’s Harlem neighborhood, St. Philip’s Episcopal Church, has operated [its own credit union since 1951](#), primarily for the congregation’s members. And the Diocese of Los Angeles created the Episcopal Community Federal Credit Union [as an economic justice ministry in 1994](#), in response to the civil unrest that followed the 1992 acquittal of four Los Angeles police officers in the beating of Rodney King.

Credit unions are an effective economic justice ministry because services can be tailored to the needs of low-income families, Urla Gomes, the longtime CEO of the Los Angeles credit union, said in an interview. “We should have more and more Episcopal credit unions around the country, so that low-income people have a place where they can make their deposits, get their loans.”

New York Episcopal Federal Credit Union’s headquarters eventually will be housed at St. James’s in the Bronx in a building adjacent to the church that is being [redeveloped as housing and office space](#).

Additional branches will be located in a building on the campus of Cathedral Church of St. John the Divine in Manhattan’s Morningside Heights and at Trinity Church Wall Street in lower Manhattan. The credit union also plans to establish a physical presence in Ulster County, serving the northern part of the diocese. —Episcopal News Service