The lending circle model is used as an alternative loan around the world. In Africa, for example, the lending circle model is known as “susus.” In the Philippines, the term is “paluwagan,” in China, “lun-hui” and in Mexico, “tandas.”

In the United States, the Mission Asset Fund, a nonprofit organization in San Francisco, has adapted the lending circle model to help low-income families build their credit and gain skills to manage their personal finances. To learn more visit [www.lendingcircles.org](http://www.lendingcircles.org).

* The authors thank the Mission Asset Fund for the use of the images on this page.
LENDING CIRCLES IN MINNESOTA

A few organizations implementing lending circles in Minnesota are:

• Comunidades Latinos Unidos en Servicio (www.clues.org) in the Twin Cities
• Latino Economic Development Center (www.ledc-mn.org) in the Twin Cities
• Casa Guadalupe (www.casa-guadalupe.squarespace.com) in Cold Spring

Case study: Comunidades Latinos Unidos en Servicio (CLUES)

CLUES began offering lending circles to its clients in 2012. The organization reports participants’ monthly contributions to the credit bureaus. CLUES also provides financial education, free tax preparation and one-on-one financial counseling to its participants.

CLUES’ clients, who are primarily Latino immigrant families, like lending circles for two main reasons:

• They are familiar with lending circles because a form of lending circle known as “tandas” exists in Latin America.
• As immigrants, many of CLUES’ clients do not have a credit history. The monthly reporting to the credit bureau helps them build a positive credit history.

CLUES has served almost 100 individuals using the lending circle model. Loans range from $640 to $10,000. CLUES has also expanded its reach by training two other organizations in the Twin Cities to offer lending circles to their clients. Those organizations are Emerge Community Development (www.emerge-mn.org) and the East Side Financial Center, a division of Lutheran Social Services (www.lssmn.org/efc).

“The lending circle experience opened my eyes to the importance of having a good credit history in the United States.”
- CLUES participant

“Lending circles provide our clients with much more than just a loan. I have seen our clients build new social networks, receive peer support to save for the future, learn financial management skills and build their credit histories.”
- Alejandro Valenzuela Jr., Financial Empower Services Manager, CLUES