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massive loan fund for small businesses

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Janie Barrera was a nun and worked with the Air Force as a civilian before joining LiftFund — or Accion International, as it was originally called — in 1994.

Photo: Carlos Javier Sanchez /Contributor

Until she reached the LiftFund, Janie Barrera's work life had been a series of sharp twists and turns.

Beginning as a waitress in her family's Mexican restaurant, she became a nun with the Corpus Christi-based order Sisters of the Incarnate Word and Blessed Sacraments. After 15 years as a sister, Barrera became involved in telecommunications and public radio in

[News](#) [Weather](#) [Business](#) [Politics](#) [Sports](#) [Lifestyle](#) [Food](#) [Podcasts](#) [Newsletters](#)

that year, the group made its first loan.

Now, LiftFund is one of the largest microfinance organizations in America, operating in 13 states across the southeastern U.S.

LiftFund's goal is to provide loans and other financial services for capital-starved small businesses and entrepreneurs who are locked out of the traditional financial system. LiftFund has made \$319 million in loans to over 21,000 borrowers. Currently, the nonprofit has over \$63 million of loans under management.

On ExpressNews.com:San Antonio nonprofit to help small businesses prepare for future natural disasters

Two and a half decades after getting the fund off the ground, Barrera is confident in the power of microfinance to promote entrepreneurship and self-sufficiency and to open up economic opportunities for lower-income citizens.

Barrera spoke with the San Antonio Express-News recently about her career and LiftFund's growth. The following transcript has been edited for clarity and length.

Q: What was it like growing up in Corpus Christi?

A: In 1968, (my parents) opened up La Mexicana restaurant in Corpus Christi. They owned the restaurant for 20 years, and my first job was as a waitress there. I remember getting my first tip — it was a 50-cent piece, and it was such a big deal. That was where I learned a lot of customer service skills, from my parents and being in the restaurant. People from all walks of life would come in, and the thing that I learned was about treating everybody with respect and the same whether you were the president of the bank or the local garbage collector.

I've always been, I felt, called to be of service. Right out of high school at the age of 18, I joined the Incarnate Word and Blessed Sacraments sisters. I was an Incarnate Word sister in Corpus Christi for 15 years. And being of service and mission, that's where I gained my social justice values.

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A: Right after I left the sisters, I had a position at the United States Air Force as a civilian for five years running a brand-new department that worked in marketing and telecommunications, which was what I was doing with the church. So I went from the Catholic Church institutions to working for the institution called the United States Air Force. But at the end of the day, I was really looking for a job or a career in marrying the for-profit and the nonprofit world. By this time, I had already gotten an MBA from the University of the Incarnate Word. And that's when, in 1993, Accion International came into San Antonio with the whole idea of microcredit and microfinance as a vehicle to help underserved individuals, either underbanked or unbanked, receive access to capital to start or grow businesses. The microfinance movement had started in developing countries, but bringing this concept to the U.S. was a new phenomenon.

For me, it was connecting the dots with my parents. By this time, my parents' restaurant was closed, and the reason they closed is because of the lack of capital and also the lack of their financial acumen. My parents were good at the customer service, they were good at their product, but my dad had a fourth-grade education, my mom an eighth-grade education, so the financial acumen is what they lacked.

So I thought, how intriguing — if they can do that in developing countries, why can't we do that? So the idea of creating a microcredit, to me, was not "big finance." It was more of how can people reconcile their checkbooks. How can people be taught about expenses and income as a small-business person? What we do is we try to help level the financial playing field.

On ExpressNews.com: [Before career in banking, native Texan Joe Atkinson picked crops](#)

Q: Please explain microfinance — how is it useful for people?

A: It's useful for people who cannot get credit at a bank. And it's interesting that our whole life really revolves around our credit scores. The lower your credit score, the less likely you're going to be able to get products and services. And most likely, it's going to be a higher cost than somebody with good credit. So, for example, when you buy a house or

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680, for example. They can give them credit cards but not a term loan or a business loan.

The average credit score of our customers is 580, and we have a 96 percent repayment rate because the FICO score and the traditional financial world gives you an indication, supposedly, of a person's risk of their probability to pay you back. Well, we already know that a FICO score is not the only thing that is going to give you the probability of somebody paying me back because we've dispersed over \$300 million and we have 96 percent of it back so that we can relend it to other people. We've learned how to mitigate that risk. Our mission as a not-for-profit is that we want to get people in the position where they can leave us to go onto the traditional financial industry.

Q: If they're demonstrably reliable borrowers, why don't banks already service this community of small-business owners who have lower credit?

A: There's another factor, and that is that there's no financial return for banks to make loans under \$25,000. We do not break even on loans under \$25,000 because of all the time that our loan officers and our staff have to take to prepare (potential borrowers) even to apply for a loan with LiftFund. The other thing is, since we're looking at FICO scores, we have to also look at other things, like their CPS bill, other utility bills, all those kinds of things. So it takes a lot of time. We're automating more and more of it now with technology to be able to go into the cloud and be able to retrieve some of the information that's public. But at the end of the day, banks are not making these loans because there's no profit in it. With that being said, we participate with many, many banks because banks will either lend us money or give us money to be able then to lend to the community small business. We partner with the banks because they know they can't make the loans. So we become their interest. We become their intermediary.

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Q: It seems like, from LiftFund's perspective, the financial education, financial literacy programs that you provide are almost as big a part of your work as the actual loans LiftFund makes.

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business. And we have people who want to help these small businesses. We have mentors like Launch SA that we run for the city of San Antonio over at the library. We have volunteers there who help give advice and direction, whether it's in marketing or tax preparation or all the things that can get you in trouble if you don't do it right.

Q: And what kind of footprint does LiftFund have in the other communities you operate in compared with San Antonio?

A: So we have our bigger offices in places where we have feet on the ground, right? Because it's a lot of personal interaction. The loans that we make where we don't have offices is done by the internet. And then we partner with local nonprofits there to help us close loans and so on. Our bigger markets outside of Texas would be Atlanta, New Orleans and Birmingham.

On ExpressNews.com: David Cáceres, co-founder of La Panadería, talks about going from the streets of Mexico City to acclaimed 'panaderos'

Q: We've seen the growth of small business in San Antonio, as well as investments in larger industries, and relatively speaking, the city is doing pretty well economically. What do you expect to come in the next few years as it relates to Lift Fund and your work expanding entrepreneurship and small business in San Antonio?

A: We also have to remember that 20 percent of the population (of San Antonio) is in poverty. So, for the future, how do we help that 20 percent? How can we bring entrepreneurship to that level and be able to help people have that dollar for food and shelter and clothing? And the other thing too is that we're part of a national movement now. Yes, we started here in San Antonio, but the impact that we're going to be having is going to be national. The whole idea of using all of this learning that we have from 25 years, all this infrastructure that we've created, all this technology that we have in place, how can we help all other organizations that are out there wanting to do the same? Let's help some other people that are out there grow their programs as well. So that's how I see the role of the fund in the future — how do we connect more people together and try to help the economy?

[News](#) [Weather](#) [Business](#) [Politics](#) [Sports](#) [Lifestyle](#) [Food](#) [Podcasts](#) [Newsletters](#)

that has helped us through. If you would have asked me in 1994, does your business plan include growing into 13 states? No — it was the need. And it was people coming to the table saying, “We would like for you to come and help us in our community.” LiftFund has never actually gone somewhere and said, “We want to start.” It’s the other way around. People come to us and say, “Will you start?” That’s how we got into Louisiana — it was after Katrina. People were needing help. So I believe I’m still doing God’s work.

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[TOP](#)

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