Newsletter for Aug 29, 2026: Pledges and Bridges

Banking for the Un-Banked

I was recently struck by a posting on Front Porch Forum. Someone was asking for funds for someone who recently had some bad luck. Their vehicle, which they depend on for their income, was in need of repairs, the cost of which was beyond their immediate financial resources. There was no promise of payback, although it was clear that the recipient would make every effort to do so.

For a long while now, I have participated in Kiva, an international organization that provides small loans – micro-lending – to people who are working hard to improve their lives. They range from a few tens to a few hundred dollars, and often help the recipients grow their small business, plant a few more crops, or start some new enterprise. The payback rate was nearly 100%, and I always opted to roll any payments I got back into a new loan. When my life got busier, it was easy to just put that process on autopilot and let Kiva select the recipient based on some criteria – country, type of enterprise and so on. Those dollars I invested are still making the rounds, helping someone, some family, some village in some small way.

Isn't This What Banks are For?

In Vermont, and the rest of the U.S., we have an "official" economy that consists of banks – local and national – and credit unions. For the moneyed, that expands to investment companies – think Vanguard and Fidelity – and for those with serious assets there are investments and wealth management operations dealing in levels of wealth that the rest of us can only dream of.

Then there's the "casual" economy: small dollar transactions like the ones you see on Front Porch Forum, flea and farmer's markets and between friends and neighbors, swaps and trades for services, or the loan of a few bucks to tide us over until the next money comes along. These transactions, often below the radar and invisible to the tax collector, make up a serious chunk of some people's livelihood. A lot of them are what keeps people fed and functioning. They don't involve banks, and probably shouldn't. Banks need to make money on all of their financial transactions and shaving a bit of profit out of the casual economy would throw sand into the works and eventually stop the machine that makes life go on for too many.

But Credit is the Missing Piece

If you own a home or bought a car, you have a credit score. You probably also have a checking account, maybe a savings account and a credit card or two. Congratulations! You are officially part of the Official economy. Maybe you have a 401k or an IRA or other investments. Maybe you manage your money well and keep your credit cards paid off each month. If so, my hat is off to you. You probably still feel the pain of inflation – prices that seem to get higher every week – and maybe you've had to cut corners to keep accounts in balance. Almost everyone has.

But for too many people, just making the paycheck last until the next one comes is a real problem. For some of them who do have a credit card (or two) leaving a balance on a card isn't an option, it's a necessity. And it's a necessity that comes with a trap. If you need to spend more than you have – car repairs, new clothes for the kids for school, any unexpected expense – that credit card balance can grow. And the interest on credit cards is insane: 18% to 24% or more. If you make the minimum payment each month, which itself can be a struggle, you will likely never stop paying for those one-time expenses. Literally, you'll be paying for that car repair, in the form of interest on the money you borrowed for it, for the rest of your life.

What if you don't have a credit card? Who loans you $500 for new brakes? Maybe friends or family will step in. Maybe not. They may have their own financial struggles. Eventually it may come down to giving up the car. If the car is the only way you can get to your job, what then? Lose the job, lose your apartment? Living on the edge financially, with no credit or maxed out credit cards is a precarious existence.

So What Can Be Done?

Let me emphasize that people who find themselves in these situations are not lazy and they are not stupid. The vast majority are honest, hard-working people, for whom life happened, as it can to any of us. Sometimes things work out well, sometimes they don't. Businesses close. People lose their jobs. Health issues arise. Bad luck comes in many forms, and it doesn't care who you are or what your needs are. Sometimes it triggers a spiral that can be hard to get out of.

But it's usually a chain of events that leads people to difficult situations. What we need to do is, not try to fix everything once it's broken, but find the opportunities to break the chain of events before it spirals out of control.

So here is a proposal that I am calling "Pledges and Bridges". First we find donors to make pledges: toss some money into a pot. It would be great if someone with serious financial resources came up with some "seed money" but it could all come from low dollar donations by a lot of people who truly care about their community and want to help. We probably all know someone to ask. Chip in $20. Or $5. Let it sit in the pot for a year. That's your pledge: take my money and let it work for someone else for a year. That's the "Pledge" part.

From that pot, we create a fund to help someone cross from their current financial situation to a place where things are better. That's the "Bridge" part. We aren't trying to fix everything. We can help someone fix their car so they can continue to work, but not buy them a new car. We're not necessarily trying to help someone raise their standard of living, although it would be great if the Bridge helped them do that. We're trying to keep them from sliding further into the spiral. Once things are stabilized, we hope that their continued hard work will make it less likely that they will need a Bridge again soon.

But the Pledge applies to the Bridge *recipient*, too. We hope – we *expect* – that they will pay back the Bridge funds they received. That is *their* Pledge. Anything they do manage to pay back goes back into the pot to help someone else.

Doesn't This Need Some Structure?

Yes it does. It needs someone to take this idea and run with it. That person could be you. Most likely it will need an organization – an LLC, 501(c)(3) status, an operating agreement and bylaws, a board and some directors. Ideally, all involved would be volunteers. I am betting that all of the requirements are within reach.

But we could start the first steps, and help create the first Bridge, before doing any of that. It would be just a part of that “casual” economy until we make it formal. Let’s give it a shot and see what happens.

Maybe, if we get it off the ground, the pot will grow to where there is some investment income. Maybe some generous donor will set up an endowment. Maybe it will become a model for other communities. Who knows? But if we don’t give it a try, nothing will happen.

Is anybody game?