

Sizing the CDFI Industry: Institutions, Assets, Loan Volumes

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The views expressed here are those of the presenters and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.



What are Community Development Financial Institutions?

Community-focused non-profit and for-profit entities that primarily provide financial services to low- and moderate-income households

Provide both financial support as well as technical assistance and development services

Certified by the CDFI Fund, a subagency of the US Department of Treasury

“Specialized organizations that provide financial services in low-income communities and to people who lack access to financing”

CDFI Fund¹

1. <https://www.cdfifund.gov/programs-training/certification/cdfi>

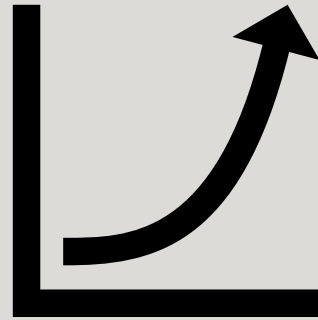


Industry snapshot



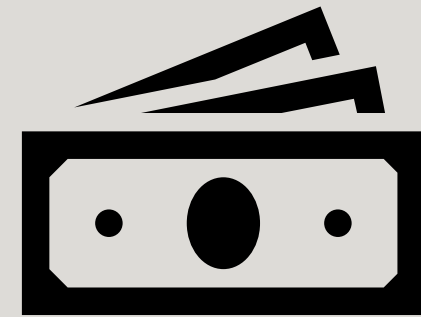
1,487 CDFIs

as of May 2023



40% increase

by count since 2019



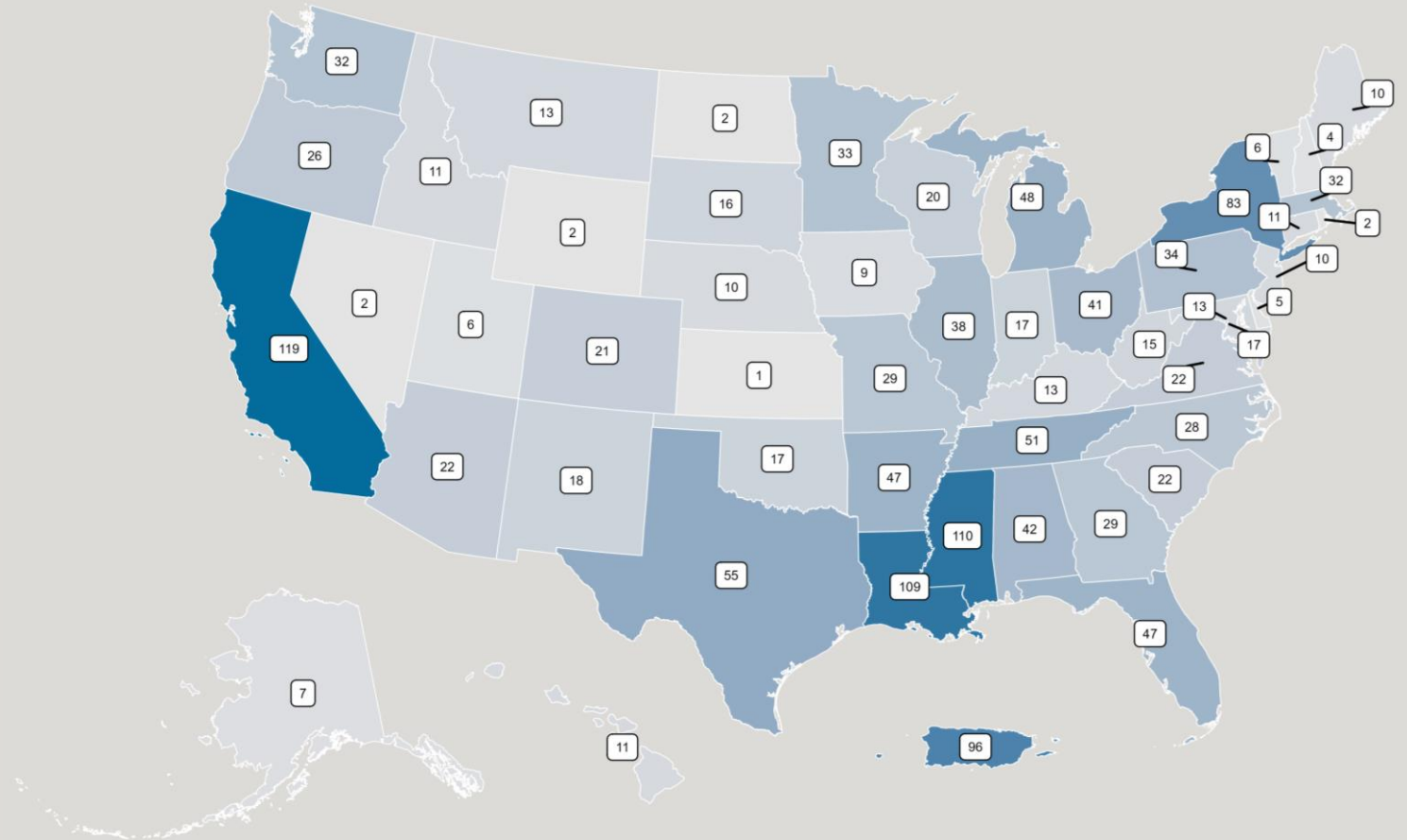
Over \$450B in assets²

as of 2023Q1

²This total does not include assets held by holding companies or venture capital CDFIs

CDFIs operate in all 50 states, the District of Columbia, Puerto Rico, and Guam

Number of CDFIs per state
As of May 2023

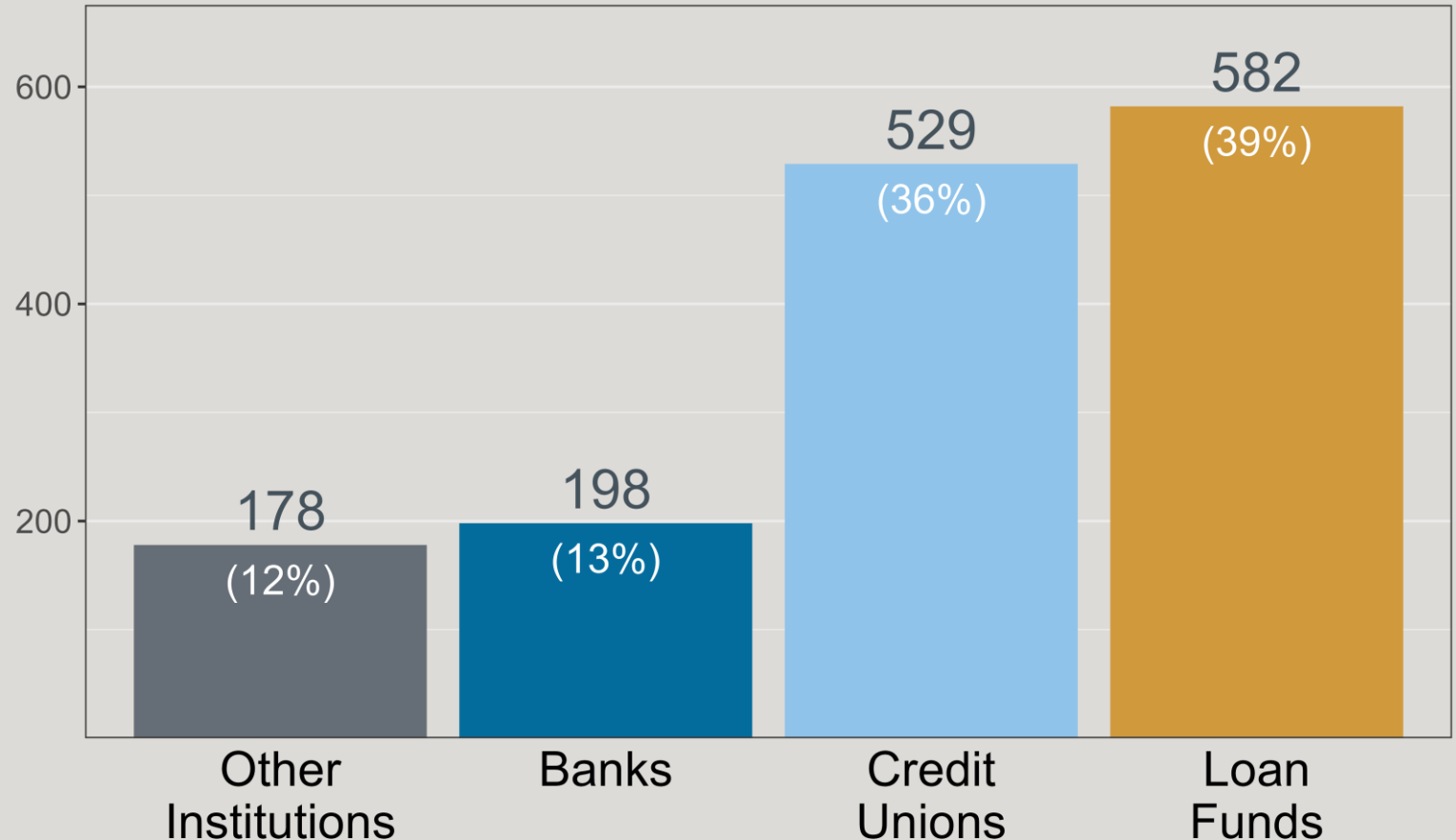


Source: Estimates generated using data from CDFI Fund.

**Loan funds
comprise the
biggest share of
the industry by
count**

Loan funds make up 39% of CDFIs

Number of certified CDFIs, as of May 2023



Source: Estimates generated using data from CDFI Fund.

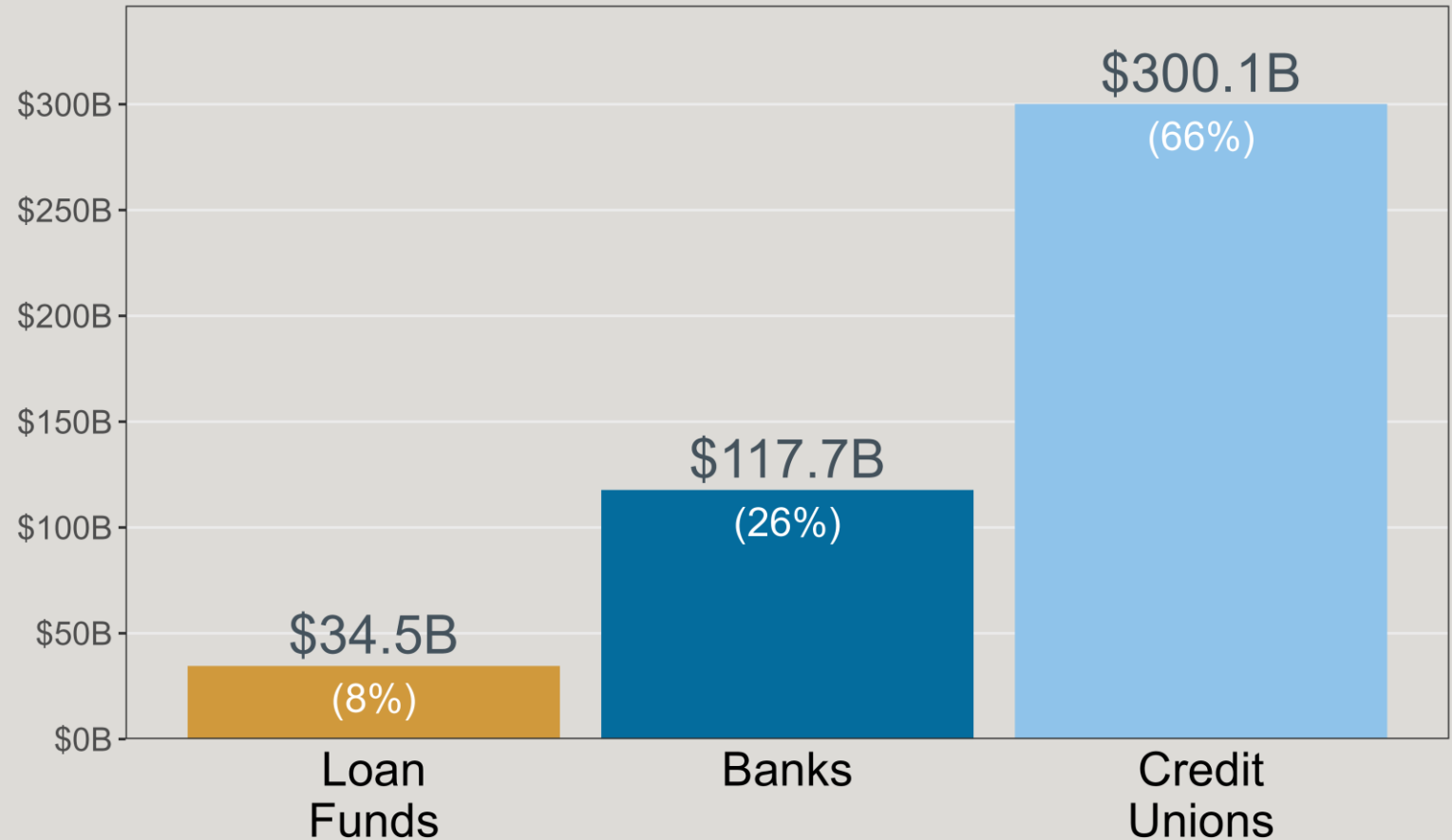
Credit unions hold the most assets

Not including assets held by bank holding companies or venture capital CDFIs

Only including non-profit loan funds due to data availability

Credit unions hold 66% of all CDFI assets

Total assets, as of 2023Q1



Source: Source: Estimates generated using data from CDFI Fund, 2023Q1 Call Reports, 2020 Form 990s.

The industry has grown in recent years

430 certified institutions in 2000, almost 1,500 today

40% growth since 2019 alone

The number of CDFIs has grown by nearly 40% since 2019

Number of certified CDFIs



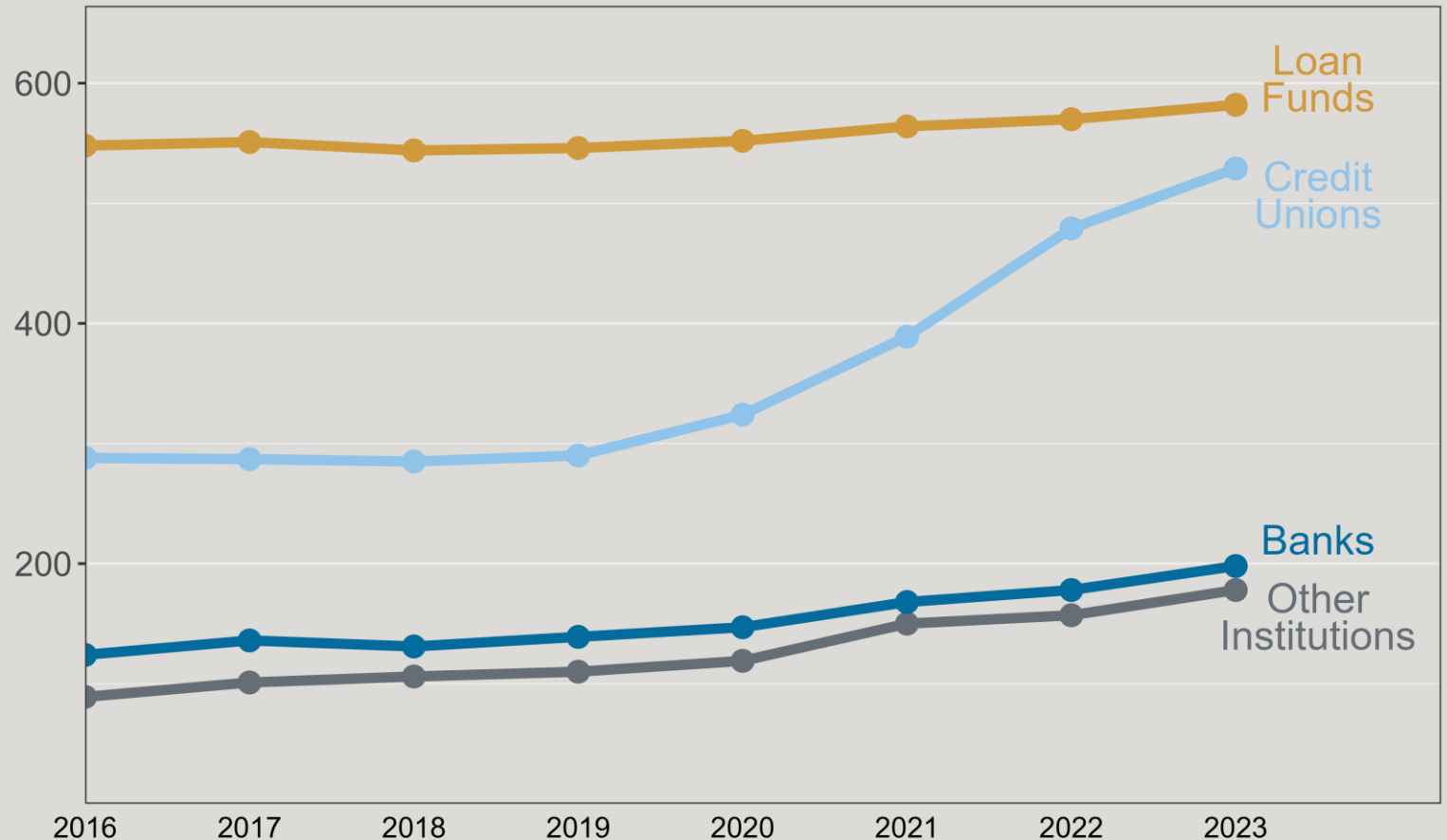
Source: Estimates generated using data from CDFI Fund.

CDFI credit unions are leading growth in the industry

529 CDFI credit unions by May 2023, compared to 290 in 2019

Count of CDFI credit unions has nearly doubled since 2019

Number of certified CDFIs by institution type



Source: Estimates generated using data from CDFI Fund.

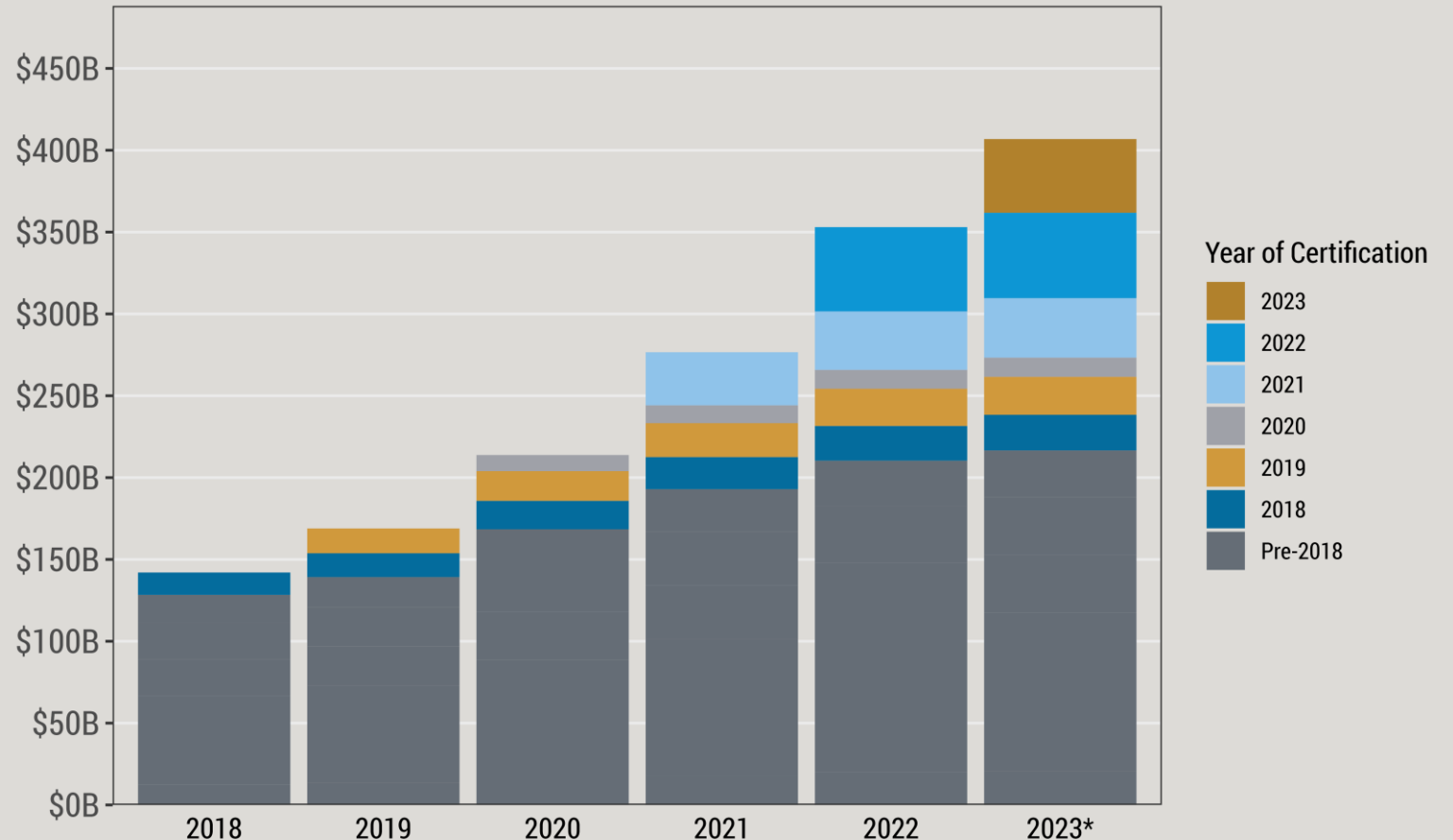
Assets have grown considerably

CDFI bank and credit union assets grew by \$265 billion in 5 years

Institutions certified since 2018 hold nearly half of total assets in the CDFI industry

67% of growth in assets since 2018 due to institutions becoming certified

Assets held by CDFI banks and credit unions, by year of certification



Source: Estimates generated using data from CDFI Fund and 2018-2023 call reports.

* 2023 value is as of Q1, not year end

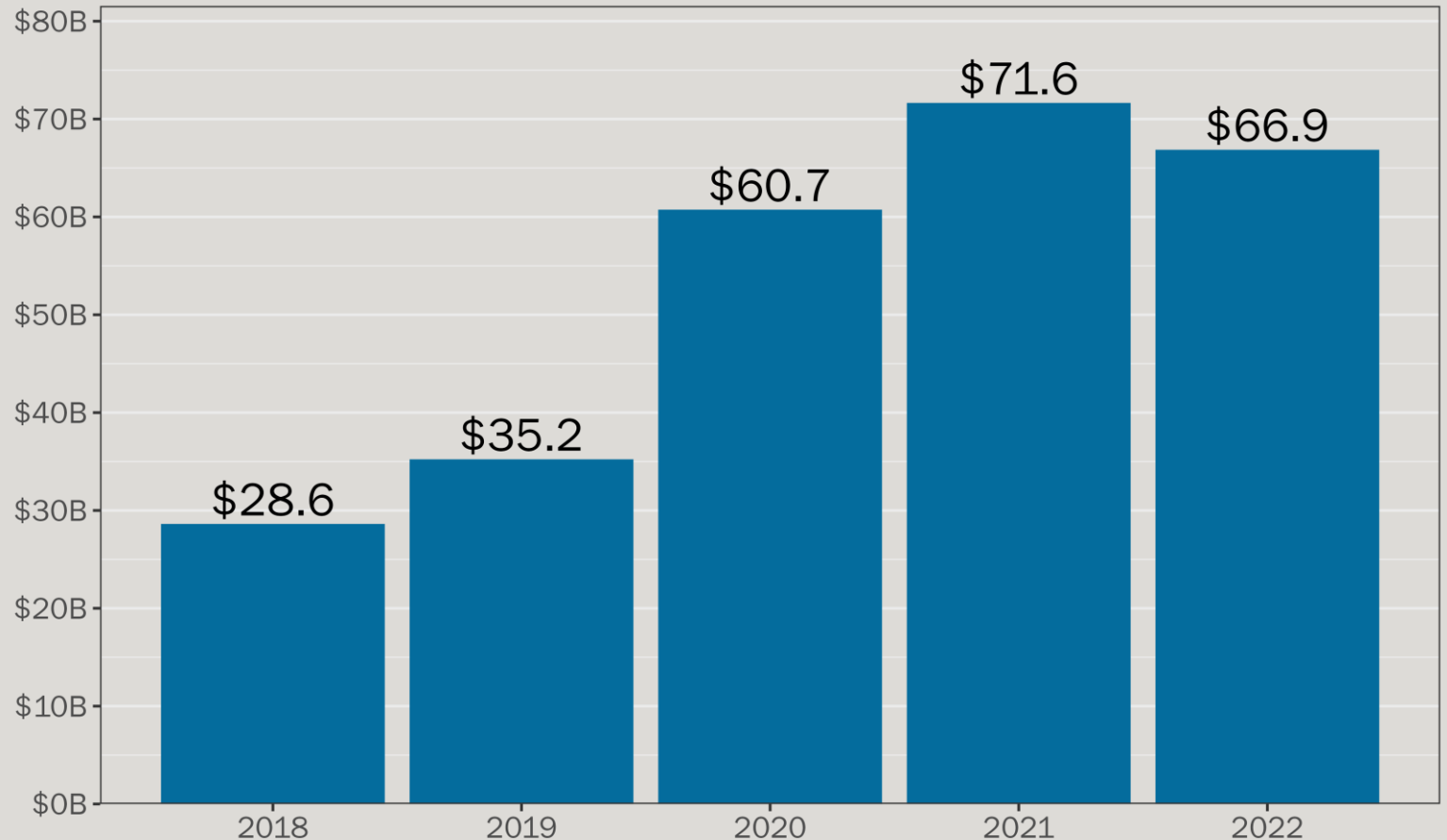
Origination volume has grown as well

Estimate based on HMDA data, S&P Residential and Commercial Mortgage Analytics tool, NCUA Call Reports, SBA 7(a), SBA 504, OFN, CDFI Fund TLR

CDFIs certified between 2018 and 2022 drove 60% of total growth

Total originations more than doubled between 2018 and 2022

Total CDFI originations by year, in billions



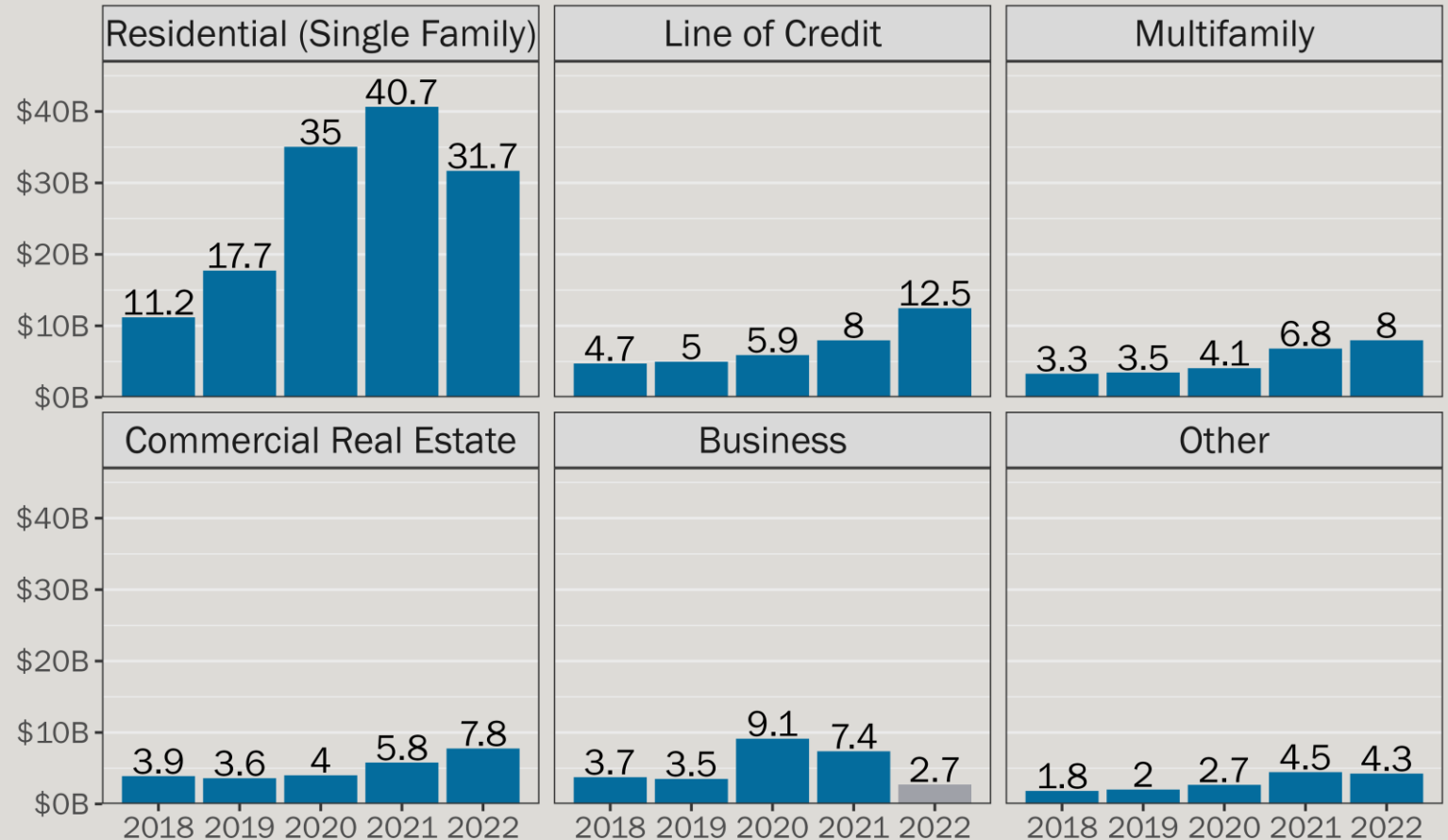
Source: Estimates generated using HMDA, S&P Residential and Commercial Mortgage analytics tool, SBA, OFN, TLR.

Note: TLR only available up to 2021.

Single family residential loans represent the greatest volume of originations by CDFIs

Nearly half of all originations are residential single family

Total CDFI originations by collateral



Source: Estimates generated using HMDA, S&P Residential and Commercial Mortgage Analytics tool, SBA, OFN, TLR.

Note: TLR only available up to 2021.

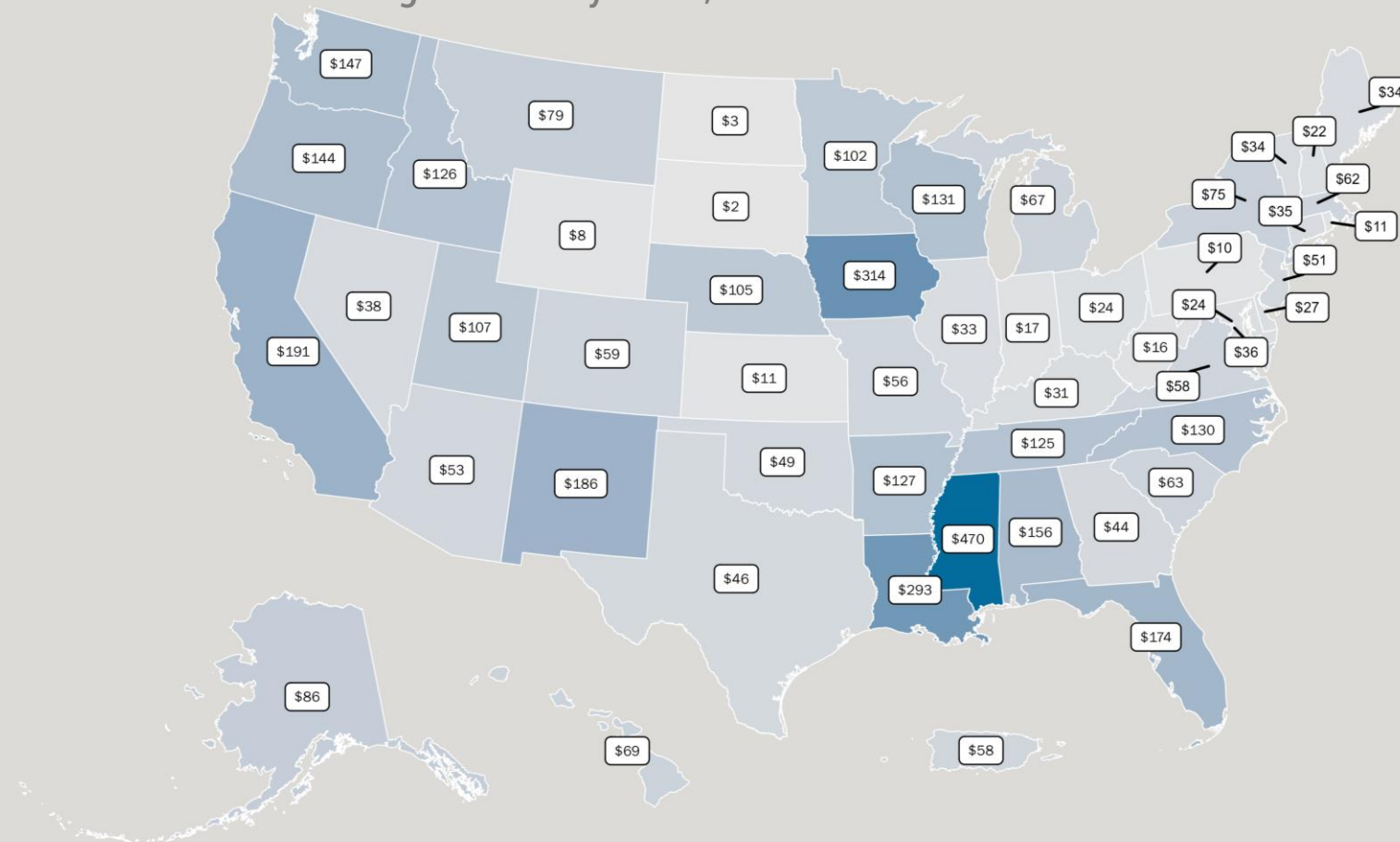
Substantial geographic variation in residential origination

CDFIs originate \$95 in residential loans per person nationally

\$470 per person in Mississippi, \$2 per person in South Dakota

Per person, CDFIs originate the most residential loan volume in Mississippi, Iowa, and Louisiana

CDFI residential loan originations by state, 2022



Source: Estimates generated using HMDA, S&P Residential and Commercial Mortgage Analytics tool. 2022 state population estimates from the Census.

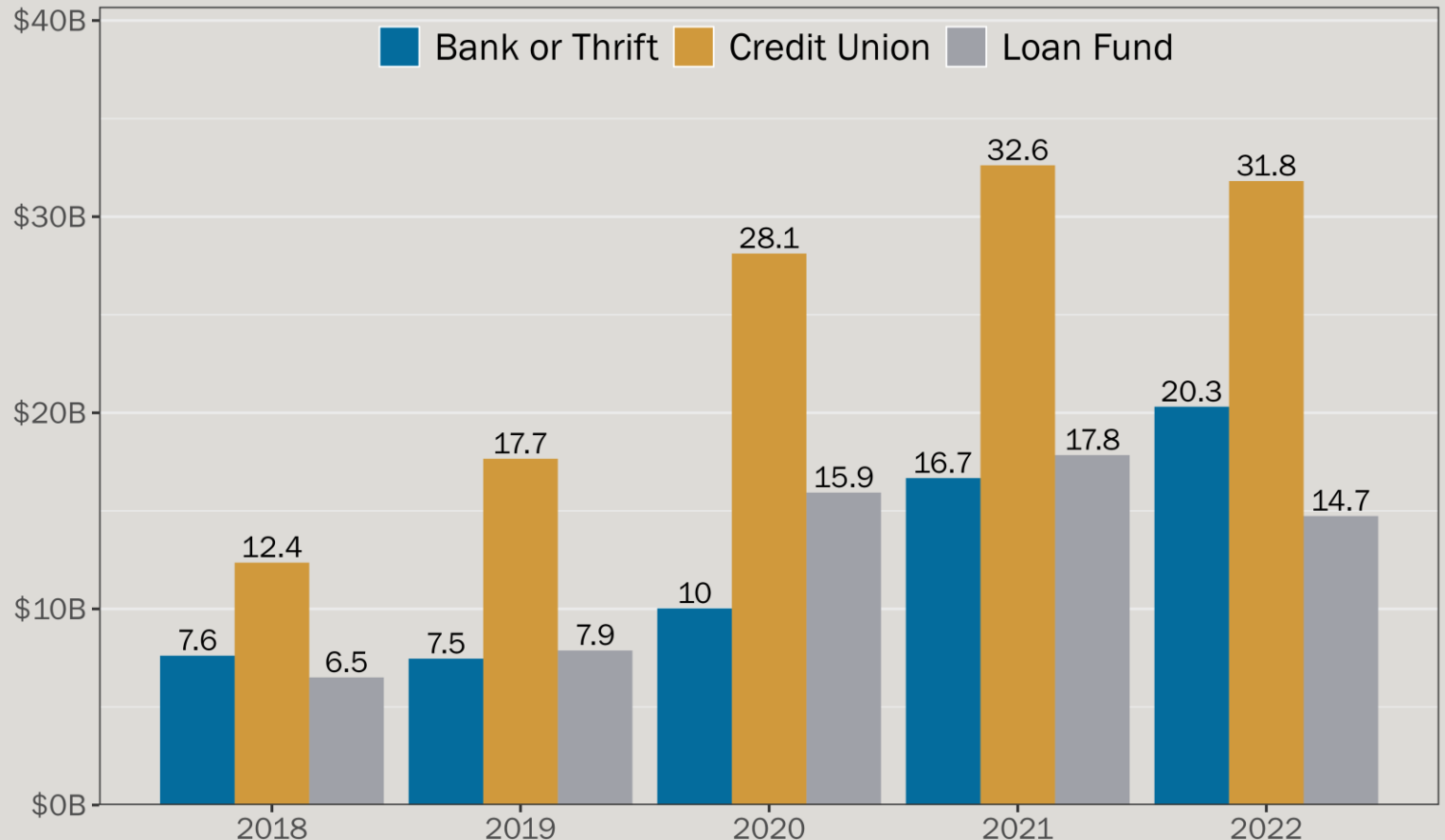
Credit unions originate the most volume

Including all loan types available in the data

In 2022, credit unions originated around 48% of loan volume, compared to 30% by banks and 22% by loan funds

Credit unions are the most active originators

Total CDFI originations across all loan types, by institution type



Source: Estimates generated using HMDA, S&P Residential and Commercial Mortgage Analytics tool, SBA, OFN, TLR.

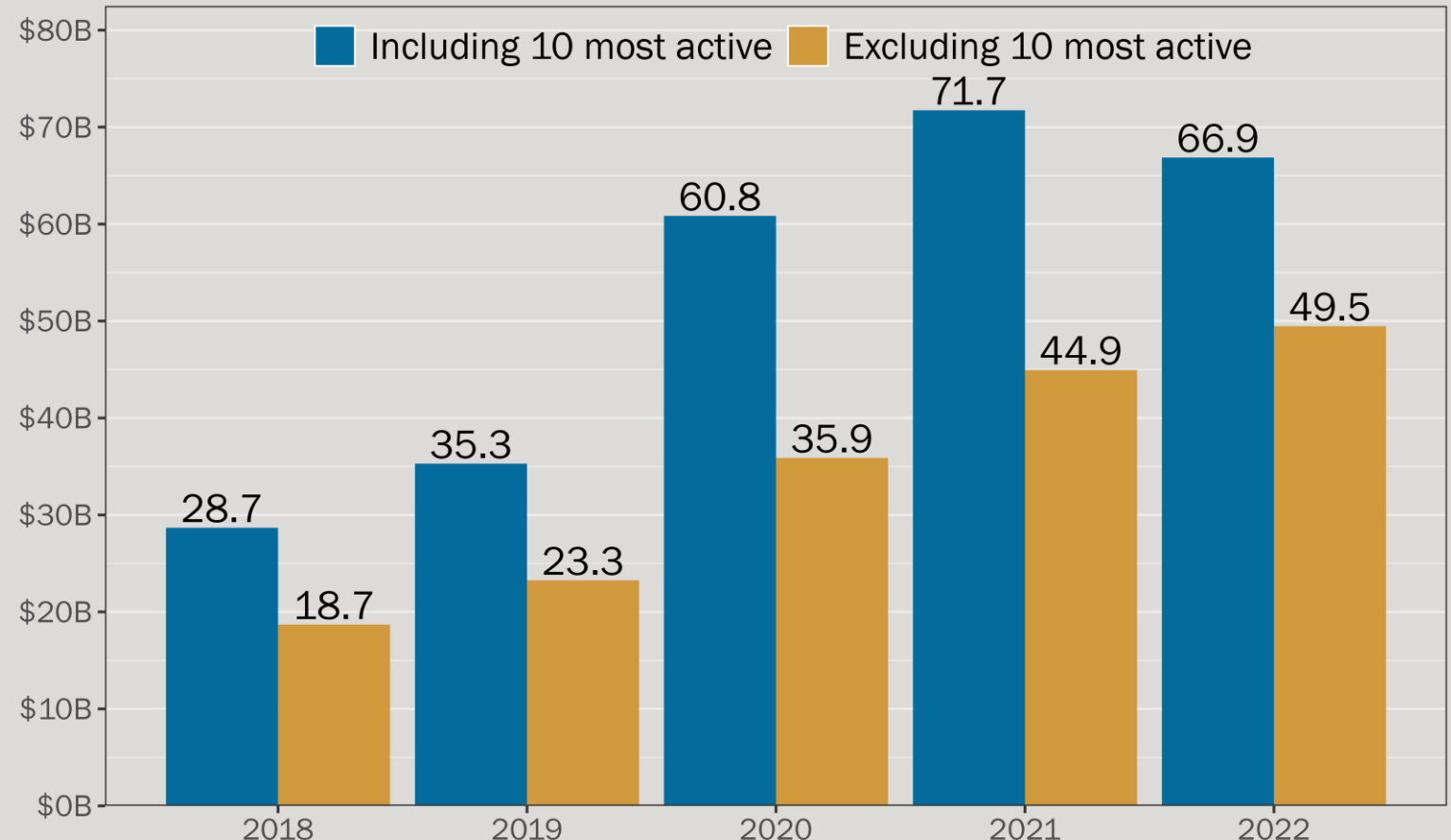
Note: TLR only available up to 2021.

Most active originators drive substantial volume

In 2022, the 10 most active originating CDFIs originated more than \$17 billion dollars

Top 10 most active originators account for nearly 30% of total originated volume in 2022

Originations by year



Source: Estimates generated using HMDA, S&P Residential and Commercial Mortgage Analytics tool, SBA, OFN, TLR.

Note: TLR only available up to 2021.

Loan sales also increased, driven by most active sellers

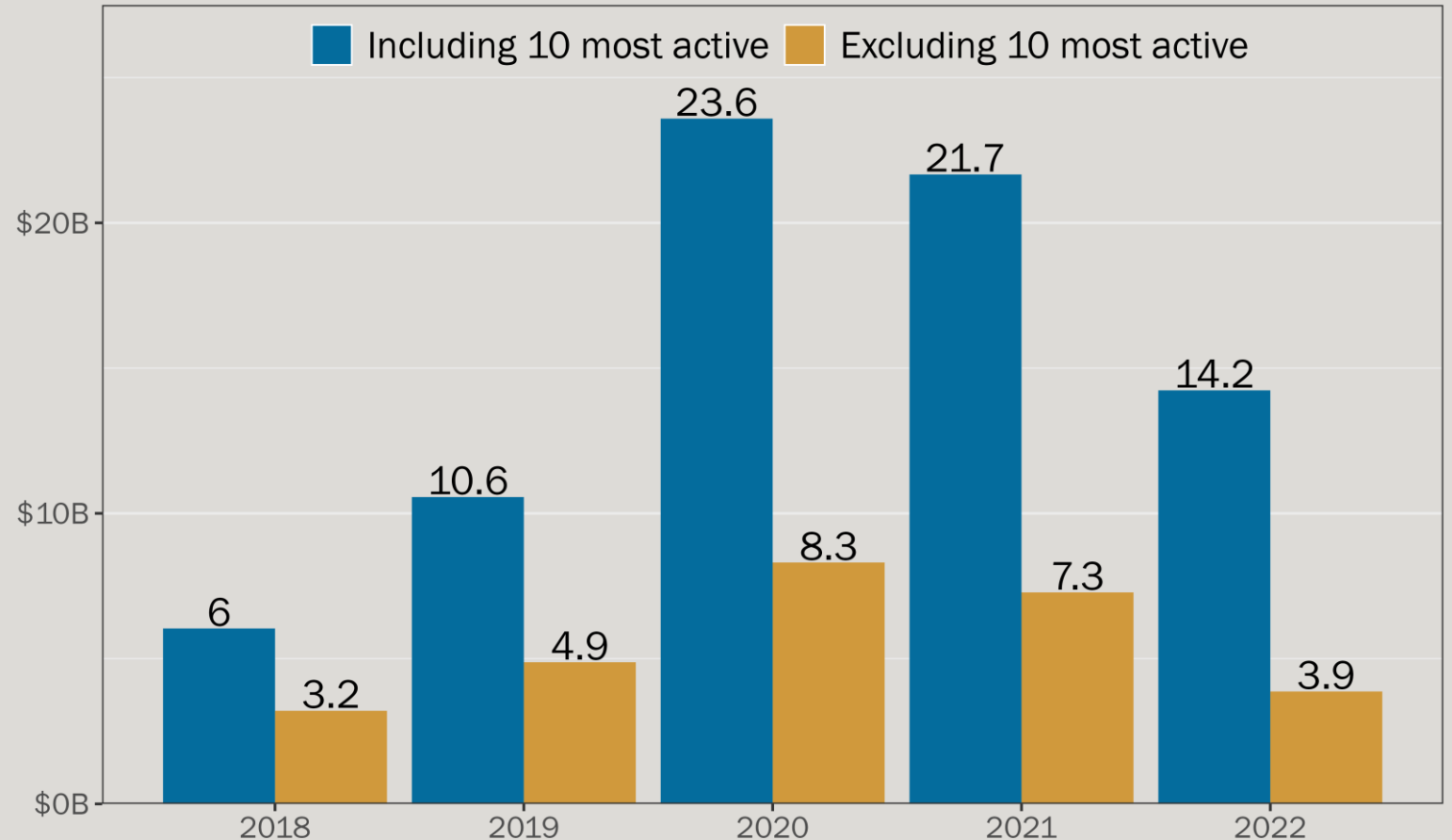
Top 10 most active sellers sold \$10.3 billion in 2022

Three most active sellers sold 60% of total sold volume in 2022

Residential loans drove >99% of growth in sales

10 most active sellers drove nearly 75% of sold loan volume in 2022

Annual sales volume



Source: Estimates generated using HMDA, NCUA Call Reports, SBA 7(a) data, OFN.

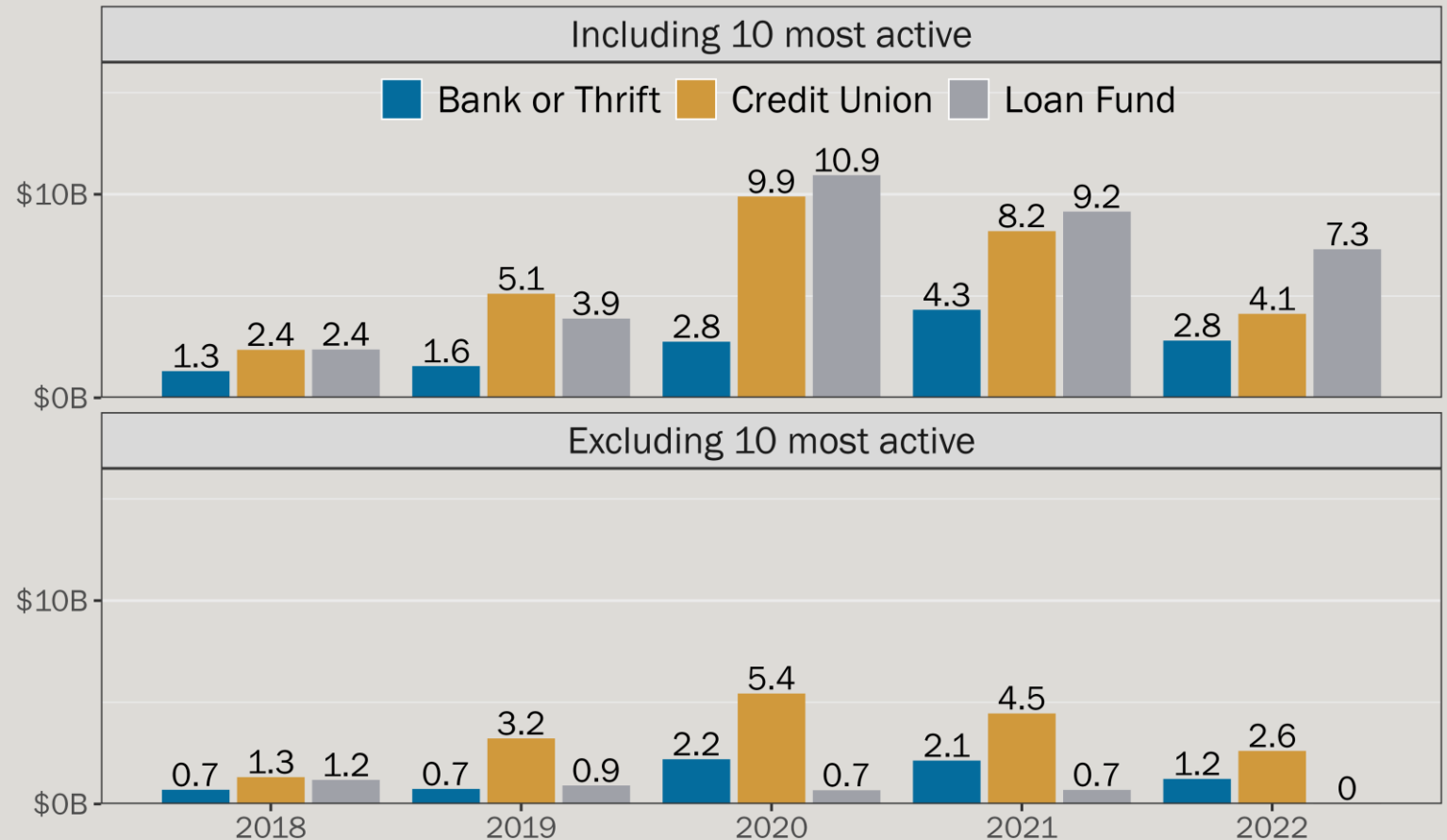
Note: OFN sales values only go up to 2021.

Almost all sales by loan funds driven by most active sellers

Two most active loan fund sellers account for almost all the sale volume by loan funds; over half of total sale volume in 2022

Most active loan fund sellers account for over \$7 billion in sales

Sales by institution type



Source: Estimates generated using HMDA, NCUA Call Reports, SBA 7(a) data, OFN.

Note: OFN data on sales only go to 2021; thus it is possible that there were some loan fund sales in 2022, but we are unable to generate an estimate.

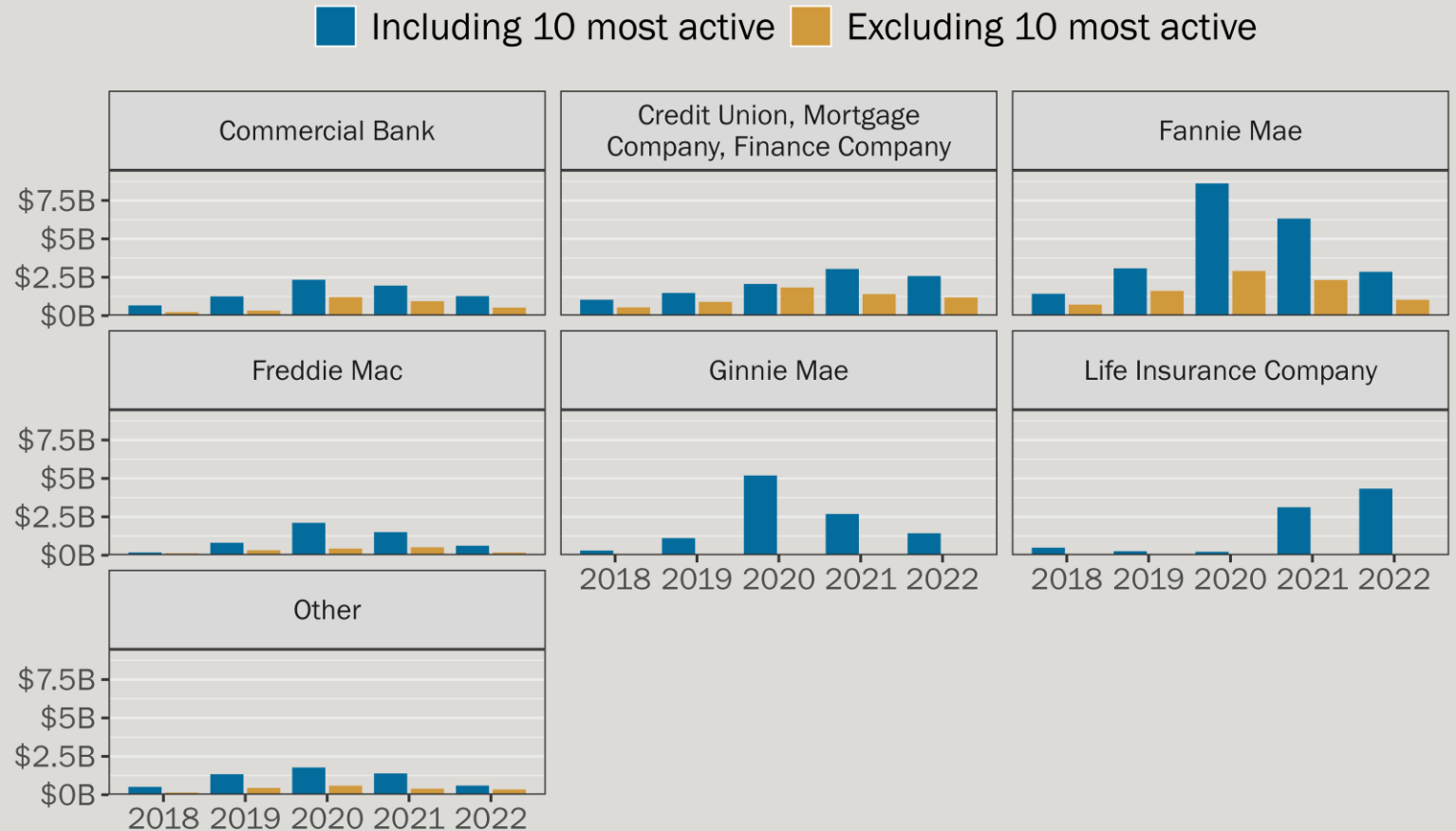
CDFIs sell loans to financial institutions, GSEs, and life insurance companies

Excluding top 10 most active sellers, financial institutions purchased 51% of loan volume sold by CDFIs, GSEs purchased 38%, and life insurance companies purchased <1%

Only most active sellers sold to Ginnie Mae and life insurance companies

In 2022, GSEs, life insurance companies, and financial institutions each purchased around a third of total loan volume

Sales by purchaser type



Source: Estimates generated using HMDA data

COMMUNITY DEVELOPMENT

SIZING THE CDFI MARKET: UNDERSTANDING INDUSTRY GROWTH

By Jacob Scott
Maria Carmelita Recto
Jonathan Kivell



August 2023

KEY TAKEAWAYS

The views expressed in this report are those of the authors and do not necessarily reflect the position of the Federal Reserve Bank of New York or the Federal Reserve System. Any errors or omissions are the responsibility of the authors.

- The Community Development Financial Institution (CDFI) industry has seen significant growth over the last five years in both the number of certified CDFIs, which increased from 1,066 to 1,487, and total assets, which nearly tripled for CDFI banks and credit unions.
- The CDFI industry holds at least \$452B in total assets as of Q1 2023. Of that, credit unions hold about \$300B (66%), banks hold \$118B (27%), and loan funds hold \$35B (8%).¹
- While credit unions hold the highest share of total assets, loan funds make up the largest share of certified CDFIs by count at 39% (582 out of 1,487 total).
- The sharp increase in the number of certified CDFIs started in 2019 and was primarily driven by newly certified CDFI credit unions. Between 2019 and 2023, 239 of the 402 newly certified CDFIs were credit unions. Of those, 88 are headquartered in Puerto Rico.
- The main driver of the growth in total assets has been newly certified entities; CDFI banks and credit unions certified between 2018 and 2023 collectively hold \$190 billion in assets as of Q1 2023.

¹ Percentages do not add up to 100 due to rounding.

COMMUNITY DEVELOPMENT

EXAMINING THE ORIGINATION AND SALE OF LOANS BY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Jacob Scott
Maria Carmelita Recto
Jonathan Kivell



May 2024

Key Takeaways

- CDFIs originated at least \$67 billion and sold at least \$14 billion of loans in 2022, the most recent year for which comprehensive data are available. This is up from \$29 billion in originations and \$6 billion in sales in 2018.
- The 10 most active CDFIs, which include loan funds, credit unions, and banks, originated over 25% of the total origination volume and nearly 75% of the sold loan volume in 2022. These most active institutions also account for nearly all sales by loan funds and nearly all loan sales to Ginnie Mae and life insurance companies. This suggests that while many CDFIs have sold or do sell loans, they tend not to do so programmatically, except for the most active ones.
- CDFIs originated at least \$32 billion of residential loans in 2022, representing nearly half of the total volume of CDFI loan originations across all collateral types for which we have data. For sales, residential loans made up 90% of the total volume of loans sold by CDFIs.
- CDFI credit unions collectively originated the highest loan volume. For sales, while CDFI banks and credit unions sold loans more frequently, in terms of total volume sold, loan funds were the most active type of institution in 2022.