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Contact:

Jeannine Jacokes

CEO, Community Development Bankers Association

(202) 689-8935 ext. 222

jacokesj@pcgloanfund.org

Major Banking Trades Support \$1 Billion in Economic Stimulus for CDFIs

Major banking trades collectively urge Congress to appropriate \$1 billion for Community Development Financial Institutions (CDFIs) to respond to the COVID-induced economic crisis.

Washington, DC, April 7, 2020 – Major banking trades, including the Community Development Bankers Association (CDBA), American Bankers Association (ABA), Bank Policy Institute (BPI), Independent Community Bankers of America (ICBA), National Bankers Association (NBA), and National Association of Affordable Housing Lenders (NAAHL), are collectively urging Congress to appropriate \$1 billion for the Community Development Financial Institutions (CDFI) Fund to aid in economic recovery in response to the coronavirus pandemic. Given CDFIs’ long history of serving low- and moderate-income communities, these mission-focused institutions are well-positioned to channel federal funds into the low-income communities that have been hit the hardest by this recession and bear the brunt of job losses.

During the Great Recession, CDFIs played a pivotal role in stabilizing local economies and preserving and creating jobs in low- and moderate-income communities. In 2009, Congress channeled \$100 million in stimulus funds into CDFIs through the American Renewal and Recovery Act (ARRA). CDFIs were able to quickly and successfully mobilize and deploy funds to help businesses, consumers and others to survive the Great Recession. Likewise, the 2020 recession is already taking a devastating toll on the most economically fragile households and the communities where they live. The first waves of COVID-19 layoffs have gravely affected millions of low-paying service jobs, which are disproportionately held by communities of color.

“The impacts of this economic recession are already being felt in the homes, businesses, and lives of communities across the country, and especially for those that are already economically distressed,” said Jeannine Jacokes, CEO of the Community Development Bankers Association, the national trade association of community development banks. “CDFIs have a proven track record of promoting job creation and preservation and addressing local needs; a \$1 billion appropriation—modest relative to the size and impact of the CDFI industry—would enable these institutions to continue fulfilling their mission of serving low- and moderate-income communities.”

The requested \$1 billion would support the 1,131 organizations currently certified as CDFIs, which collectively have \$211 billion in total assets with total outstanding portfolios of \$158.7 billion. This capital can leverage up to 12 times the federal appropriation of \$1 billion—an additional \$12 billion—via private monies that will be channeled to local businesses, nonprofits, and others to help recover from the devastating effects of the recession and begin rebuilding.

About the CDFI Fund

The Community Development Financial Institutions (CDFI) Fund was created by the Riegle Community Development and Regulatory Improvement Act of 1994. As a bureau of the U.S. Treasury Department, the CDFI Fund operates programs that use modest amounts of Federal money to leverage a multitude of private sector capital to promote revitalization of low-income communities and bring disenfranchised populations into the economic mainstream.

About CDBA

The Community Development Bankers Association is the voice and champion of the community development banking movement. CDBA and its 80 CDFI-certified member banks work to make the banking industry a force for good by collectively promoting financial inclusion and creating economic opportunity in the nation's most economically distressed rural and urban communities.

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