

PARTNER WITH A NATIVE CDFI

Native Community Development Financial Institutions (CDFIs) are proven and promising partners for investors to make a positive difference in Indian Country.

To support prosperity in Native communities, financial investment needs to reflect traditional values, guided by culture and community.

Native CDFIs understand this need and are experts in weaving partners, funding, and networks together in ways that build economic and cultural wealth.

They connect investors to Native communities with a respect for history, culture, and context to open doors to loans, extend credit to thriving businesses, generate good jobs, and grow local economies.

ENABLING NATIVE COMMUNITIES TO THRIVE IN THE FACE OF HISTORIC IMPACTS

To invest for prosperity in Native communities, successful financial services need to reflect traditional values, guided by the wisdom to plan for multiple generations.

The services must also account for the impact of history. The systemic racism, violence, and exclusion that began in these lands centuries ago continues today—resulting in traumas, financial instability, and other barriers that make it harder for the communities we partner with to thrive on their own terms.

A WEALTH OF WISDOM

Native communities are relentlessly resilient. Businesses have fought to create jobs and give back. Workers have generated cash and employment in places without a main street or a bank to support them. More entrepreneurs and families need access to capital that's tailored to their culture and way of life.

Native CDFIs understand this need and are experts in serving, responding, and delivering results successfully. Their practical know-how builds upon the wealth of wisdom in Native communities and the need to heal. They connect investors to Native businesses with a respect for history, culture, and context that helps communities thrive for the long term.

The result is a win-win investment that's sustainable and successful.

“One of the beautiful things about CDFIs—Native CDFIs in general—is we have to provide education and training in conjunction with our lending activities. So when you pair those two things together, we are seeing great success. We're changing the economic landscapes of our communities and providing opportunity which normally hasn't been provided.”

CHRYPEL CORNELIUS (OJIBWE; ONEIDA),
EXECUTIVE DIRECTOR, OWEESTA CORPORATION



FIVE REASONS TO PARTNER WITH NATIVE CDFIs

According to the leaders of banks, asset management firms, and financial institutions—and other funders and partners—that invest in Native CDFIs, **it all comes down to successful long-term impact.**

1. SUPPORTING SUSTAINABLE, LONG-TERM ECONOMIC GROWTH

Native CDFIs, which are anchored in local culture and traditions, bridge traditional cash economies and Native lifestyles with the financial mainstream. They pair capital and financial assistance with education and training programs to help Native entrepreneurs and Native-led businesses thrive—creating good jobs, an expanded tax base, and new market opportunities.

2. CHANGING LIVES THROUGH MORE THAN LOANS

Because they serve a largely unbanked population, Native CDFIs are often the first encounter Native families and individuals have with a financial institution. Native CDFIs provide opportunities—e.g., savings plans, credit building, financial education, and college planning—that help families break the cycle of generational poverty and build self-determined economic prosperity.

3. MAKING SMART INVESTMENTS

Investing in Native CDFIs is good business. They have lower-than-average default rates, strong net asset ratios, and low historical write-off and delinquency rates. Their holistic approach supplements lending with extended services, including business coaching and financial training—and that translates into a business model with an edge.

4. GROWING NATIVE ECONOMIES

As Native economies expand, Native CDFIs are experiencing **higher demands for capital**. A **2017 survey** led by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis showed the \$48 million gap between the need for funds and their availability had only increased since a similar 2012 survey conducted by Oweesta Corporation.

5. SUPPORT OF FEDERAL AGENCIES

Various economic and community development programs can help reduce lending risk and provide worthwhile support. For example, the Treasury Department's **Native Initiatives program** may be able to leverage public funds to support technical assistance, trainings, and more. And HUD's Indian Home Loan Guarantee Program provides a 100 percent loan guarantee to ensure financial institutions' investments in Indian Country trust lands will be repaid in full in the event of foreclosure.

HOW FINANCIAL INSTITUTIONS CAN SUPPORT NATIVE CDFIs

PROVIDE TECHNICAL ASSISTANCE

One of the ways that financial institutions often work with Native CDFIs is by providing IT support and technical assistance, an area of expertise many institutions already provide to their bank or credit union network. And there are plenty of other ways to offer in-kind assistance.

MATCH GOVERNMENT DOLLARS TO BUILD LENDING CAPACITY

The **Native American CDFI Assistance Program** from the U.S. Department of the Treasury's CDFI Fund awards loans, grants, deposits, and equity investments for Native CDFIs, but requires a dollar-for-dollar match from a non-federal source. Through matching, community banks can help Native CDFIs meet the federal requirement for financial assistance awards to help grow their lending capacity.

OFFER CAPITAL THROUGH LOANS

Capital investments in Native CDFIs can be impactful at any size—even small loans impact economic opportunity, and larger investments are easy through **Oweesta Corporation**, the only Native CDFI intermediary lender.

MEET COMMUNITY REINVESTMENT ACT (CRA) REQUIREMENTS

Banks can meet their **CRA requirements** by investing or partnering with a Native CDFI, an opportunity that assessment regulators promote and support. Options include providing equity capital and bank services. Just ask your regulator, who can help you find the right investment fit for CRA consideration.

Want to learn more about Native CDFIs or partner with one in your area? Explore this list of Native CDFIs and Native CDFI networks. Reach out to CDFIs directly, or contact Cody Stalker at cstalker@nwaf.org.

Visit our website, nwaf.org.