

CDFIs: Banking on a better community

by LuAnne Speeter

Imagine investing in community improvement – while your money stays put in your bank account! That's what you're doing when you stash your cash in a community development financial institution (CDFI).

A CDFI is a financial institution whose primary mission is to provide credit, capital and financial services to individuals and businesses in underserved communities. Nationwide, there are more than 1,000 CDFIs that operate as banks, credit unions, loan funds or venture capital companies. You can find them in every state, serving both rural and urban communities.

In 2007 alone, CDFIs have*

- Leveraged \$621 million with private investments.
- Opened more than 800 accounts for the previously unbanked.
- Financed the construction or rehabilitation of more than 4,000 affordable housing units.
- Financed businesses that created or maintained nearly 30,000 full-time equivalent jobs.

While CDFIs have been around for many years, they're needed now more than ever to enable growth in communities that would otherwise not have access to financial services. Some of the many success stories CDFIs have brought their communities include:

- Micro enterprise development loans in rural Arizona.
- Credit union access for remote Mississippi communities.
- Boston business start-up and job creation through venture capital financing.
- Working capital funds for women's transitional housing in New York City.

If you're considering a CDFI for a personal or business account, you can search by state or "impact sector," such as small business or housing, at communityinvestingcenterdb.org. It's a good idea to check bankrate.com's [Safe & Sound ratings](#) to ensure the CDFI you choose merits at least three stars.

*Source: <http://www.cdfifund.gov/>

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