



FUND CI Report:

Reflection on Five Years of Research

LETTER FROM THE EXECUTIVE DIRECTOR



For the past five years, FUND Community Institute (FUND CI) has conducted and disseminated research on issues and trends in the CDFI industry. The purpose of the organization is to support the industry by contributing research findings to the public discourse. FUND CI's first five years were an eventful period that involved health, racial, and economic issues that seem to necessitate a different type of impact report. While annual reports tend to be about outputs and impact, I want to take a step beyond that and reflect on how FUND CI has shaped our work, and

the inputs from the industry overall that have made our work possible. We are grateful for feedback from the industry at large, as well as collaborative support from those that have partnered on research, participated in presentations, and joined our advisory boards. Over the past five years, we have furthered our understanding that the "who" included and participating in our research is critically linked to the value and relevance of the findings.

As we move forward with planning our next five years, we will use this information to consider whether our research topics reflected the important issues of the times. Have we contributed to the discourse in positive ways? Have we taken steps to acknowledge and minimize the white supremacy inherent in much of typical research? Have our findings been as representative and accurate as possible? We will also use this information to push ourselves to design and conduct research projects that include as many voices as possible.

Some of my personal takeaways from our research findings include:

- The CDFI industry is resilient and played a vital role in PPP lending.
- The industry in general has work to do in instituting policies and procedures that result in meaningful change to make DEI a reality.
- Outside of the industry, there are factors such as credit scores that institutionalize gender discrimination, racism, etc., that affect the CDFI industry and limit impact.

I am excited about the next five years for FUND CI and potential research into green lending, effectiveness of development services, how to address staffing and marketing issues across the industry, the effects of higher interest rates on CDFI lending, etc. I also look forward to the new partnerships we will develop and seeing the impacts of ECIP, RRP, and ERP. Please reach out if you have a research idea or a proposed partnership. We would love to work together!

Ruth Barber
Executive Director

www.fundci.org

REFLECTING ON RESEARCH THUS FAR

FUND CI strives to conduct research that is relevant to the CDFI industry and, over the past five years, has tackled topics such as the role of gender in the CDFI industry; diversity, equity and inclusion; and how CDFIs have responded to the COVID pandemic. We invite you to revisit our past reports through linked reports and highlights.

FUND CI PUBLICATIONS

CDFI Advisory Boards: *Going Beyond Accountability*

CDFI Advisory Boards: Going Beyond Accountability (2018)

Key findings: 42% of CDFIs have advisory boards; of which, 70% were formed to meet CDFI Certification requirements. The majority of advisory boards play a role in developing new products and partnerships, and 40% source deals.



Advancing Equity: Diversity and Inclusion at CDFIs (2019)

Key findings: There is a core belief and commitment to DEI issues in the industry; however, these values and beliefs are not yet codified into formal policies or procedures. What is needed are advancements such as dedicated staff, formalized policies, and increased representation of all voices in decision-making roles.



Bending Toward Justice: Credit Scores as a Measure of CDFI Impact (2020)

Key findings: Small dollar credit builder loans are beneficial to communities and result in increased credit scores for participants. Despite the fact that they are not profitable, CDFIs remain committed to providing them for mission reasons.

Perception versus Reality: *Women and Change in the CDFI Industry*

By Ruth Barber

Perception versus Reality: Women and Change in the CDFI Industry (2018)

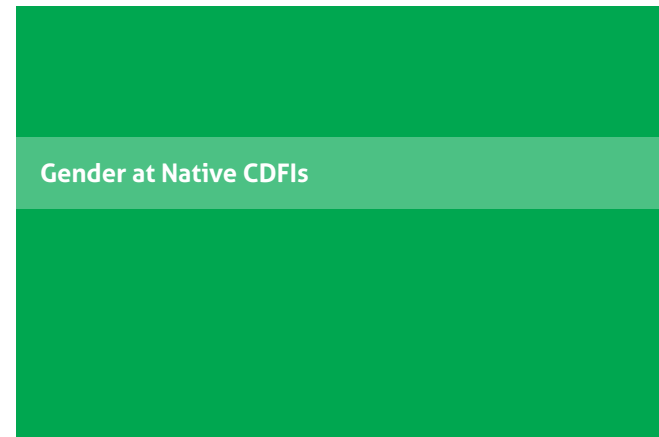
Key findings: Women are involved in all roles and have positive experiences in the CDFI industry but also seem to have accepted institutional bias and gender inequity as the norms in the workplace.



Gender at Native CDFIs

Gender at Native CDFIs (2020)

Key findings: The matrilineal culture present in many Native communities helps bolster the role of women in NCDFIs; however, women still find multiple challenges related to gender in their respective organizations.



CDFI Banks and PPP Lending:
Two Spotlights

CDFI Banks and PPP Lending: Two Spotlights
(2021)

Key findings: CDFI banks were integral to distributing PPP lending to underserved communities. In order to do this, bank staff had to be nimble and take on new tasks with heavy workloads.

CDFI Loan Funds Response to the COVID-19 Pandemic:
Two Spotlights

CDFI Loan Funds Response to the COVID-19 Pandemic: Two Spotlights
(2021)

Key findings: CDFI Loan Funds showed incredible expediency and responsiveness in reacting to the pandemic. They placed a priority on speed of response in terms of adopting policies to help current borrowers, developing and launching new emergency lending products, and leveraging capital from other public and private sources to maximize impact.

What is FUND CI thinking about this fall?
People and Place-based strategies.

What is FUND CI thinking about this fall? People and Place-based strategies
(2021)

Key findings: 55% of CDFIs use both place- and people-based lending strategies.

Investing in the Future of Women

Investing in the Future of Women
(2021)

Key findings: There are structural barriers that limit women’s access to credit. A higher proportion of small business owners rely on personal credit to grow and support their businesses. Given the lower income of women, and particularly women of color, compared to men, this can limit the financial bases of their business.



WISDOM FUND
CREDIT ACCESS FOR WOMEN OWNED
SMALL BUSINESSES RESEARCH BRIEF

Credit Access for Women Owned Small Business Research Brief
(2021)

Key findings: Wisdom Fund cohort data showed that 38% of all loans, by both number and dollar value, were to female borrowers.

CDFI Industry Spotlight: *Succession Planning*

How prepared is the CDFI industry for a leadership shift as the founding generation begins to retire?

FUND COMMUNITY INSTITUTE INSIGHT:

50%

1/3

The industry appears **under-prepared** for leadership shifts with less than 50% of CDFIs with existing succession plans; for non profit loan funds the figure is 33%

While the majority of the industry makes efforts to integrate DEI into recruiting and establishing accountability measures, only about **a third have integrated DEI into the succession process** and only about one-fourth have conducted unconscious bias training with leadership.

60%

60%

CDFIs anticipate that future **leaders will come from inside** their organizations; 66% agree their CDFI has a pipeline of executive talent

About 60% of CDFIs can count on **experience in succession planning from Board members** but less than one-fourth have a dedicated HR position to support the succession plans

FUND CI Spotlight: Succession Planning
(2022)

Key findings: The industry appears underprepared for leadership shifts, with less than 50% of CDFIs currently having formal succession plans.

INDUSTRY VOICES

Our work would not be possible without the support of the industry through our board, survey participants, interviewees, and advisory board members who contribute their time and insights to allow us to craft findings that draw in a wide range of voices from across the CDFI industry. Here, we highlight that participation by the numbers:

Board of Directors: FUND CI's board is 100% historically marginalized populations (women and people of color). The Executive Director and primary researcher is a white woman.

Advisory Boards: In the development of research plans and research tools we recruited advisory boards. Past advisory board members represent a range of populations and CDFIs. Members were 89% women, 44% people of color, and ranged in age from 20 to 50+. They represented 44% national or regional CDFIs, 67% nonprofit CDFIs (other organizations included a government entity, university, bank, and advocacy group).

"I think that CDFI staff should be reflective of the communities that we serve, and I don't think that, at this time, CDFIs are really reflective of that. I don't think that CDFIs go out of their way to include more minorities and women within their organizations, especially not leadership."

Survey Participants: Many of our research projects included online surveys. Survey invitations were sent to OFN Connect, partner organization email lists, and to FUND Consulting clients. Survey respondents also come from a range of populations and CDFI types to inform our research.

63% **27%** **5%**
URBAN RURAL NATIVE

85% **15%** **.4%**
FEMALE MALE NON-BINARY

14% **6%** **4%** **2%** **2%** **2%**
AFRICAN AMERICAN HISPANIC ASIAN NATIVE AMERICAN VETERAN DIFFERENTLY ENABLED

68% **11%** **9%** **3%** **2%**
NONPROFIT LOAN FUND BANK CREDIT UNION FOR-PROFIT LOAN FUND VENTURE CAPITAL

Interviewees: Of the CDFI stakeholders with whom FUND CI conducted interviews, approximately 40% were people of color, 70% were female, and 30% were male.

REFLECTING ON OUR RESEARCH PROCESS

One of FUND CI's goals is to collect insights from diverse populations as well as accurately represent the CDFI industry. We also believe transparency in research is important. We routinely reflect on our own processes and the inputs of our research to identify potential shortcomings or biases.

The research topics as well as the research itself was designed and conducted almost exclusively by women, giving them a strong voice in the research findings.

Based on CDFI Fund data as of 9/14/2022, FUND CI's research findings likely under-represent the input of credit unions.

The survey findings may be biased towards CDFIs that are active online or belong to the trade associations.

The Advisory Boards brought diverse voices into the research, which resulted in higher quality plans and tools. However, research participants across projects were lower, at 26% people of color.

"We've gone from being an industry in which you really had to figure out how to go from nothing to something, to really grow something from nothing, to an industry where we have lots and lots to protect."

PARTNER ORGANIZATIONS THAT SERVED ON ADVISORY BOARDS AND/OR SPONSORED RESEARCH

CDFI Women's Network
Chicago Neighborhood Initiatives
Chicanos por la Causa
CNI Microfinance Group / Greenwood Archer
Consulting for Change
Consumer Financial Protection Bureau

Credit Builders Alliance
Enterprise Community Partners
IFF
Justine PETERSEN
CNote

ENGAGEMENT

Research Participants	Website Links to FUND CI Reports	Conference Presentations	Social Media
<p>757 Survey Participants</p> <p>84 Key Informant Interviews</p>	<p>CAMEO</p> <p>Credit Builders Alliance</p> <p>Credit Building Nation</p> <p>Justine PETERSON</p> <p>NFF: Catalyzing Finance for Racial Impact</p>	<p><i>Women in the CDFI Industry: What's Next and How Do We Get There?</i> October 2018 OFN Conference</p> <p><i>Diversity, Equity, Inclusion: Benefits, Insights, Approaches</i> October 2019 OFN Conference</p> <p><i>Bending Toward Justice: Credit Scores as a Measure of CDFI Impact</i> October 2020 OFN Conference</p> <p>2020 Cohn Reznick NMTC Conference - <i>Women in Tax Credits Breakfast</i></p>	<p>Twitter @fund_ci 90 followers</p> <p>Facebook @FUND CI 55 followers</p>

“I would like to be known as an organization that actively addresses diversity, equity and inclusion and uses the movement of capital to do so. I have often said I won’t be happy when I leave unless we are seen as a civil rights organization. And then I think, from a more kind of tactical perspective, could you look at our policies and procedures and know that we were absolutely committed to addressing issues of diversity, equity, and inclusion?”



COMMUNITY INPUT

To further understand our reach, FUND CI conducted a survey in Summer of 2022. The survey was distributed to the OFN Connect list serv, to partner organization email lists, and to FUND Consulting clients.

Key findings demonstrate the reach of FUND CI's work:

80%

80% of respondents have heard of FUND CI

Agree or strongly agree that FUND CI has contributed positively to the CDFI industry

How most read, heard about or used reports:

65% Advancing Equity: Diversity and Inclusion at CDFIs

55% Perception versus Reality: Women and Change in the CDFI Industry

45% CDFI Advisory Boards: Going Beyond Accountability

61% Discussed or forwarded information to staff

44% with colleagues

28% used in a grant application

"Thank you for the work that you do for the well-being of our industry!!"

"One of my real concerns as CEO is that we get some of this commitment to these issues sort of operationalized, if you will. So that it becomes a regular part of our practice."

"Commitment to DEI but need more language and intentionality behind it."

"We used FUND CI reports as part of TA Sessions with women-owned small businesses."

FUND CI FINANCIAL SUPPORT OF THE INDUSTRY

\$15,000 in conference sponsorships

\$1,000 to sponsor a training session for CDFI Women's Network

\$8,810 in contracts with female small business owners; 65% to people of color

125 hours donated to the industry

ABOUT FUND CI

FUND Community Institute (FUND CI) is a nonprofit think tank founded in March 2017 conducting independent studies, partner projects, and commissioned research designed to encourage dialogue, share best practices, and promote innovation. FUND CI is a thought leader in the FUND Family of organizations, complementing the work of **FUND Consulting**, a women-owned consulting firm serving CDFIs and mission-driven organizations since 2000.

The mission of FUND CI is to build thriving communities through research, training, and facilitation of opportunities for knowledge sharing.

www.fundci.org

