

# Supporting CDFI & MDI Banks

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## Issue Update

Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) are critical parts of the banking industry, with a mission to serve communities of color and low- to moderate-income communities across the United States. The Community Development Investment Tax Credit Act of 2023 (S.2963) would create a new tax credit for investments made in CDFIs. Under this act, qualified CDFI investments include cash investments in non-voting stock, equity equivalent investments, or certain obligations with a term of 10 years or longer, designated by the CDFI.

The Expanding Opportunity for Minority Depository Institutions Act (H.R. 7483) would establish a Financial Agent Mentor-Protégé Program within the Department of the Treasury. This program allows large financial institutions or designated financial agents to mentor small financial institutions, helping them prepare to perform as financial agents or improve their capacity to provide services.

## Why It Matters

Both bills would help strengthen CDFI and MDI banks, which play a critical role in providing support to, and fostering development in, underserved communities and economically distressed areas. The Community Development Investment Tax Credit Act of 2023 would encourage private long-term investments in CDFIs, which in turn would expand access to affordable credit and financial services, spur job creation, and revitalize distressed areas. Through these measures, the bill has the potential to catalyze broader economic growth, foster innovation in community development initiatives, and contribute to building more resilient and prosperous communities nationwide.

The Expanding Opportunity for Minority Depository Institutions Act would support and enhance the capacity of MDIs, which play a crucial role in serving underserved communities and promoting financial inclusion, by codifying the Financial Agent Mentor-Protégé Program within the U.S. Treasury Department. The Program would facilitate mentorship between larger financial institutions and smaller ones, helping the latter improve their services and operational capabilities. This support can ultimately strengthen MDIs, enabling them to better serve their communities and contribute to economic development and opportunity. Additionally, the bill's reporting requirements ensure transparency and accountability in the program's implementation, fostering trust and confidence in its effectiveness. Overall, the bill represents a proactive step toward promoting equity and diversity in the financial sector while fostering the growth and sustainability of MDIs.

## Recommended Action Items

Ask your member of Congress to cosponsor the Community Development Investment Tax Credit Act of 2023 (S.2963) and the Expanding Opportunity for Minority Depository Institutions Act (H.R.7483).