

RIPPLES OF FINANCE, WAVES OF CHANGE

Impact snapshot: in 2023, CDFIs:



Lent: **£287M** **14% increase** on 2022
and a **record year**

And made **90,531** loans of which:



66%
were to **women**



11%
were to **Black, Asian** and
other **ethnic minority** groups



£102M

of loans were made to
start-ups and **SMEs**



£119M

were made to
social enterprises



£66M

to **individuals**
and **households**

Community Development Finance Institutions (CDFIs) turn ripples of finance into waves of change. They provide opportunity and build resilience for disadvantaged communities and those excluded from mainstream finance. In 2023 their lending hit a record high of £287 million.

- Since 2003 CDFIs have lent over £3.3 billion to nearly 850,000 customers
- This includes £1.1 billion to SMEs, £1.8 billion to social enterprises and £0.4 billion to individuals and households.
- In 2023 CDFIs raised £183 million in investments and grant funding.

There is growing recognition of CDFIs' impact, with increasing support from investors, funders, government and social sector organisations.

For anyone wanting to support under-represented communities and grow local economies, CDFIs offer a strong proposition of social and financial returns.



How CDFIs support under-represented groups and communities, and deliver economic growth:

Personal lending:



Over **£450 million** lent to over **750,000 customers** since 2003



In 2023, **67%** of loans were to women



CDFIs saved customers over **£29 million** in interest



30% of CDFIs' customers are lone parents

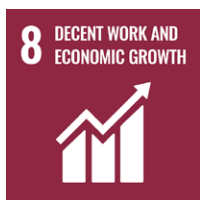
Enterprise and Social Enterprise lending:



353 businesses were supported to scale



41% of SME and startup loans were to women and **47%** of social enterprise loans to women



CDFIs created and safeguarded **12,135** jobs, generating up to **£159 million** of Gross value added



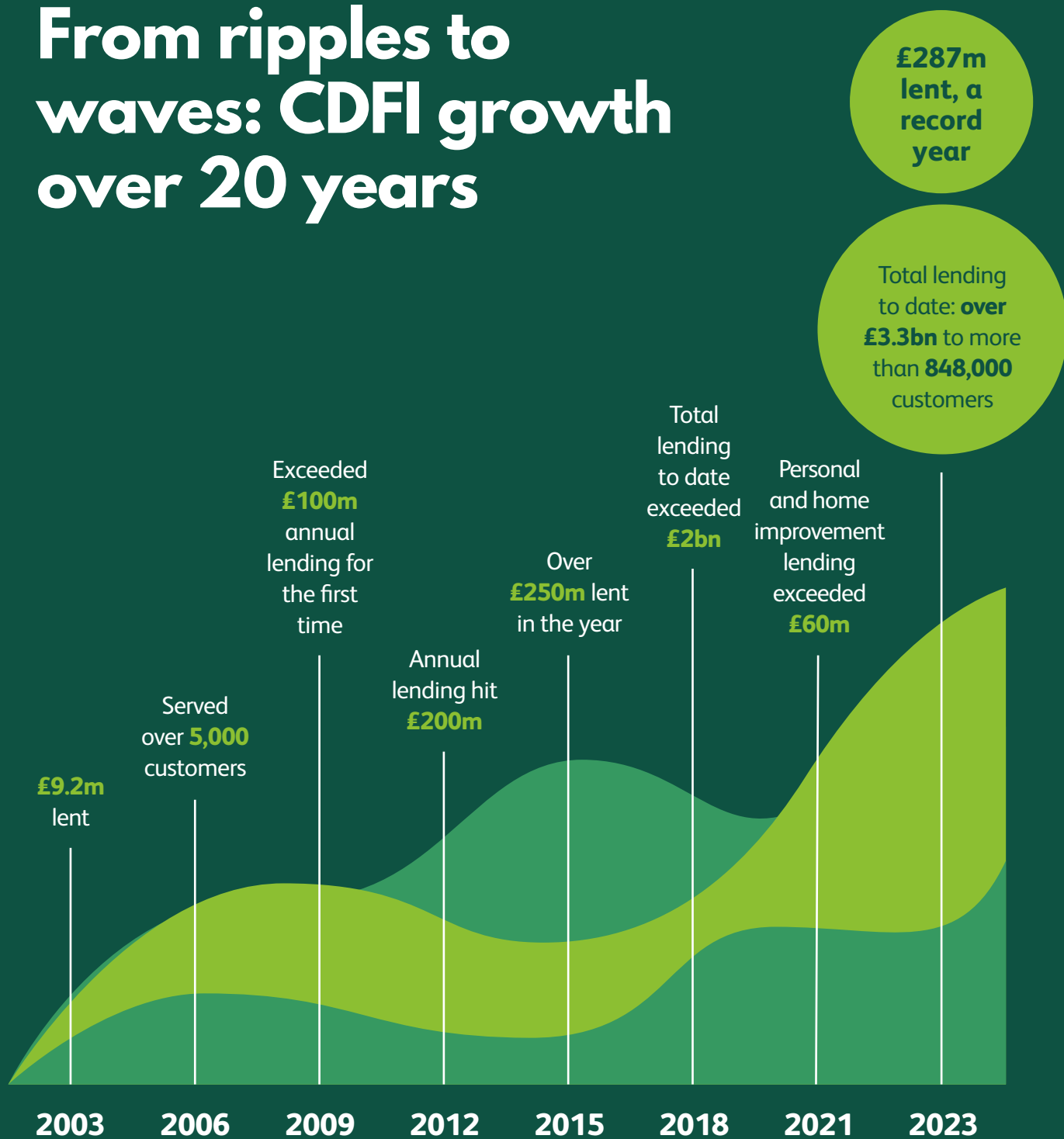
24% of CDFIs' SME / startup loans were to Black, Asian and Other Ethnic Minority entrepreneurs



CDFIs invested **£26 million** in the UK's **35%** most disadvantaged areas; **60%** of SME loans and **38%** of social enterprise loans were in these areas.



From ripples to waves: CDFI growth over 20 years



Key achievements – in 2023, Responsible Finance:

- Influenced legislative change on Community Investment Tax Relief to enable it to raise more capital for CDFIs
- Gave evidence to the Treasury Select Committee; represented CDFIs at 10 Downing Street; met Ministers, shadow Ministers, advisers and civil servants
- Generated over 77 pieces of national media coverage
- Worked with the England Illegal Money Lending Team to raise awareness of CDFIs
- Secured more than £1.5 million in grants from NatWest Group and City Bridge Foundation
- Provided leadership development and capacity building through support from the Impact Investing Institute and the Department for Culture, Media and Sport

Surging forward

Policy changes to scale up the CDFI sector's impact:

1. A Fair Banking Act

In this General Election year we are calling on all political parties to champion access to affordable finance and commit to a Fair Banking Act in their manifestos. A Fair Banking

Act could lead to banks partnering with CDFIs to scale, fill finance gaps and unlock more prosperity for communities.

We continue to engage with banks with the intention of securing large scale long-term investment. We also want to work with the Government to:

2. Launch a new British Business Bank (BBB) scheme for community lenders

3. Expand the Community Investment Tax Relief (CITR)

4. Unlock Regional Growth Fund legacy funds for CDFIs

5. Improve the effectiveness of the bank referral programme

6. Expand the credit broking exemptions

7. Make the Growth Guarantee Scheme permanent

8. Use Dormant Assets for CDFIs

9. Explore bad debt funding or guarantee for personal lenders

Three ways you can continue to build the CDFI waves of change

ENGAGE

Engage with members of parliament to advocate for policy changes.

INVEST

Invest in CDFIs so they can achieve more impact in local communities.

PROMOTE

Promote CDFIs so more people and enterprises know they are an option.

Contact Responsible Finance via info@responsiblefinance.org.uk | responsiblefinance.org.uk