

National Bankers Association Releases Annual State of MDI Report, Emphasizing the Importance of Equity in Action

WASHINGTON, DC, UNITED STATES, October 17, 2024 /EINPresswire.com/ --

The National Bankers Association is proud to announce the release of its annual State of Minority Depository Institutions (MDIs) report, a cornerstone publication highlighting the critical role of MDIs in promoting financial inclusion and addressing economic disparities across the United States. The report was officially launched last week at the National Bankers Association's Annual Conference, under the theme "Equity in Action: Charting a Course for Inclusive Banking."



NBA Logo

As our society grapples with a recent wave of anti-diversity, equity, and inclusion (DEI) backlash, this year's report sheds light on how MDIs continue to serve as vital institutions committed to fostering equity in their communities. Key findings from the report illustrate the significant impact MDIs have on underserved populations:

-149 MDI Banks: These institutions collectively hold over \$355 billion in assets, with the average MDI holding \$475 million as of Q2 2024.

-Remarkable Asset Growth: Total MDI assets have increased by 90% since 2014, 42.8% since 2019, and 1.7% since 2023. MDI deposits have surged by 46.5% since 2019.

-Extensive Branch Network: MDIs operate more than 1,500 branches across 43 states and territories, a notable increase from 32 states in 2022-2023. More than 58 million people live in zip codes served by MDIs, representing roughly 17% of the total U.S. population.

-Demographic Impact: On average, 69.8% of residents in zip codes with MDI branches are minorities, compared to 41.7% in the overall U.S. population.

-Economic Challenges: The typical MDI is situated in a zip code with a 16% poverty rate, nearly five percentage points higher than the national average. Furthermore, 15% of MDI branches are located in persistent poverty counties, compared to just 4.5% of non-MDI bank branches.

-Enhanced Credit Health: Communities with an MDI present exhibit better credit health, as

measured by factors such as credit scores and utilization rates, compared to demographically similar areas without an MDI.

The report also includes key insights from a lending analysis of 14 MDIs, which collectively originated \$1.5 billion in loans across 2,000 zip codes in 2023:

- Loan Composition: Consumer loans made up 67% of total loans, while residential and commercial real estate accounted for 53% of loan dollars.
- Targeted Lending: 56.8% of the population in zip codes receiving lending is minority, with more than 60% of loans directed to majority-minority areas. Additionally, 54% of loans were issued in zip codes with higher poverty rates than the national average.
- Insights from the 2024 Survey of 20 MDI Leaders reveal:
 - Confidence in Growth: 89% of surveyed leaders express confidence in the economy, and 85.7% feel positive about their banks' growth prospects.
 - Focus on Digital Banking: 96% identify digital banking services as a key growth area, while 46% focus on launching new products and services.
 - Challenges Ahead: Leaders highlighted challenges such as staff retention, implementation costs for new technologies, and fraud mitigation.
 - Community Engagement: MDIs are committed to their communities, planning to expand their impact through financial literacy workshops and increased support for affordable housing and small business lending.

"This report underscores the essential role MDIs play in advancing equity and combating the effects of recent anti-DEI movements," said Nicole Elam, CEO at the National Bankers Association. "As mission-driven banks, MDIs are critical in bridging the racial wealth gap and ensuring that financial services are accessible to all. We are confident that MDIs will continue to drive significant positive change in their communities for decades to come."

To download the full report visit <https://www.nationalbankers.org/research-the-state-of-mdis-2024>

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