



Financial Inclusion Data Analytics Platform: Seizing the Data Opportunity

Closing the data gap for CDCUs with FIDAP

The Inclusiv Network of Community Development Credit Unions (CDCUs) works to remove barriers to financial opportunities for people living in economically distressed communities. CDCUs provide vital banking services that help people with low incomes build wealth, and CDCUs reinvest that wealth locally by making affordable loans to expand homeownership, finance small businesses, grow environmental sustainability, and support financial security. Further, CDCUs leverage private investment at a ratio of 10:1, turning every dollar of external investment into \$10 of lending in high-need communities. Additional details about this work can be found in Inclusiv's new [impact report](#) titled "*Community Development Credit Unions: Financial Inclusion in Action*".

TruStage has been a vital partner in and supporter of Inclusiv's work to advance financial inclusion through CDCUs specifically through our partnership to educate the industry about the benefits of the Community Development Financial Institution (CDFI) Certification and provide tools and assistance to help CDCUs obtain that valuable credential.

When we launched this CDFI initiative in mid-2020, there were 340 CDFI credit unions. That number increased to 516 as of February 2024. At least half of the 176 credit unions that achieved CDFI certification during that period did so with Inclusiv's direct guidance and assistance. Credit unions now represent more than a third of the CDFI industry, manage more assets and serve more people than all other types of CDFIs combined.

Even more importantly, Inclusiv's advocacy work – strongly supported by TruStage – resulted in the inclusion of \$12 billion in the [CARES Act](#) to expand the capacity of CDFIs and Minority Depository Institutions (MDIs) to help mitigate the pandemic's impact on the communities they serve. As a result, since 2021, CDFI credit unions have received more than \$1 billion in capital grants from the CDFI Fund and \$2 billion in long-term, low-cost equity loans from the U.S. Treasury Department that have significantly strengthened their operational and financial capacity to maintain and expand access to critical financial services and financing opportunities in under-resourced communities across the country.

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The 80% growth in the number of CDFI credit unions and the channeling of \$3 billion into the credit union system are remarkable achievements for the TruStage/Inclusiv partnership. Another equally important accomplishment is the creation of a Data Analytics Platform (DAP), which allows Inclusiv to efficiently collect, analyze and report on data specific to CDFI credit union lending. This information is needed to help credit unions comply with impact reporting requirements associated with their CDFI certification as well as equity grants and capital investments. The next generation data analytics platform – the Financial Inclusion Data Analytics Platform (FIDAP) – set to launch in 2024, will close a gap in credit union capacity to manage federal program reporting and will ensure CDCUs have the data they need for federal grant reporting at their fingertips.

The Opportunity: Capital for Credit Union Growth

CDFI Certification and access to additional federal programs is an opportunity for credit unions to acquire capital for growth and deeper lending in the communities they serve. CDCUs mission to provide fair and equitable financial products and services to communities and individuals historically excluded from the financial system is bolstered by the fact that they are member-owned and governed, which aligns CDCUs interests with their members interests. This makes many CDCUs a natural fit for CDFI Certification. But, beyond a mission statement and cooperative structure, credit unions must be able to demonstrate that their lending activities meet the exacting standards of community development financing.

Agencies such as the CDFI Fund, Treasury Department, and the Environmental Protection Agency have and will continue to allocate federal funding for capital programs available to financial institutions. Credit unions have demonstrated through challenging times by accelerating economic recovery, from the COVID-19 pandemic to disaster recovery in U.S. territories such as Puerto Rico, that they are well equipped to be financial first responders.

In recognition of this strength, the federal government has presented CDFI and MDI credit unions with the following federal awards:

- Rapid Response Program: \$402 million in grants to 244 credit unions
- Equitable Capital Investment Program (ECIP): more than \$2 billion in subordinated debt to 85 credit unions
- Equitable Recovery Program: \$509 million in grants to 203 credit unions

Building an inclusive financial industry comes with challenges specific to compliance obligations needed to ensure grant recipients are truly advancing financial Inclusion. With robust resources comes the immense responsibility to ensure accurate reporting. Inclusiv offers an accurate and efficient data tool for credit unions that not only provides metrics for CDFI Certification eligibility and reporting obligations but captures the individual and national impact that CDCUs have in the financial industry.

Many key federal programs supporting the work of CDCUs are strengthening their reporting requirements, making Inclusiv's accurate data tools more important than ever:

- Since 2016, CDFIs could recertify simply by "attesting" that they met the requirements for lending in CDFI Target Markets, but as of 2024 all future

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certifications will require the submission of transaction-level reporting (TLR) data to demonstrate eligibility and compliance.

- U.S. Treasury's ECIP requires detailed quarterly analysis of the same transaction-level loan data, but it is based on some overlapping, yet different, classifications of recipients than those used by the CDFI Fund.
- The EPA's multi-billion-dollar Greenhouse Gas Reduction Fund (GGRF) programs will require participating credit unions to analyze and report on the same transaction-level data based on related but even more distinct sets of classifications.

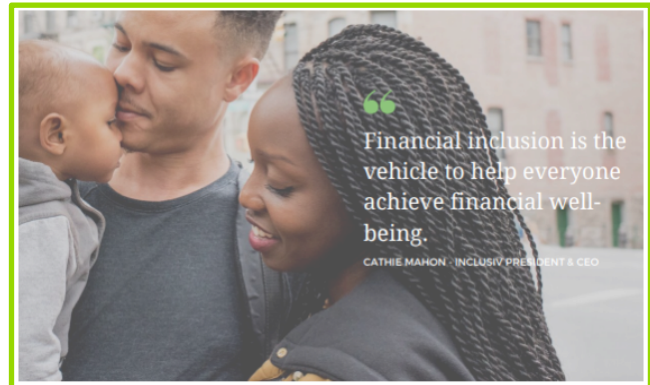
As Congress continues to see CDFIs as a high-impact way to ensure federal funding reaches under-resourced communities and credit unions seek out the means to define reporting obligations via data metrics, Inclusiv will continue to equip our members with a data reporting tool that can close the current CDCU data gap. Credit union data systems designed for safety, soundness and regulatory compliance cannot analyze transactions or produce internal and external reports according to the standards established for federal capital programs.

Seizing the Opportunity: Inclusiv's Financial Inclusion Data Analytics Platform (FIDAP)

The Inclusiv Difference

Inclusiv is the only national CDFI-certified intermediary for credit unions, with unmatched knowledge and expertise related to the detailed compliance requirements of the CDFI Fund, Treasury and EPA capital programs, among others.

- Unlike for-profit vendors that have recently ventured into the community development space, Inclusiv has a half-century of experience as a mission-driven non-profit, advocate, and intermediary. We don't just tell credit unions what they want to hear, but we also provide information that they need to know.
- Inclusiv launched transaction-level CDFI eligibility analysis in 2010 and expanded our analytical model and reporting capacity in 2016, in response to the CDFI Fund's launch of the Annual Certification Report (ACR) process.
- In 2021, with support from TruStage, Inclusiv launched our first Data Analytics Platform (DAP). In that time Inclusiv's data products helped more than half of all CDFI credit unions to obtain and retain certification.



In its first year of operation, Inclusiv's Data Analytics Platform (DAP) analyzed 1.2 million loans for more than \$28 billion as part of our efforts for 158 CDFI credit unions. By October 1, 2023, Inclusiv's DAP analyzed close to 1.6 million loans for nearly \$37 billion for 245 credit unions. In 2023, Inclusiv also submitted 84 Annual Certification Reports (ACRs) for Cooperativas in Puerto Rico.

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	2021 (pre-DAP)	2022 (DAP 1 st year)	2023 (DAP 2 nd year)
Services provided	Number of credit unions serviced		
ACR	147	148	225
TLR/Grant Reporting	0	39	75
CDFI Eligibility	53	76	0
Cure Notification Analysis	0	86	0
ECIP Analysis	N/A	2	N/A
ERP Analysis	N/A	149	N/A

Number of credit unions that used Inclusiv's DAP based on grant program or compliance requirement.

Prior to the initial Data Analytics Platform (DAP), the responsibility of CDFI Certification reporting was taken on by credit unions which resulted in the significant loss of Certification among mostly small credit unions and MDIs. This Certification reporting also represents a financial burden for most credit unions, many of which have been forced to use high-cost consultants to comply with these data reporting requirements.

Inclusiv's DAP provides a viable, accurate, affordable and credible solution in the data analysis ecosystem to help credit unions fill a data reporting gap for CDFI Certification and ACR reporting. It is also a solution to capture and analyze market data needed to support funding applications and comply with grant reporting requirements for programs such as ERP, ECIP, Financial Assistance/Technical Assistance (FA/TA) grants and GGFR.

Number of credit unions that used DAP for CDFI Certification and compliance	Type of Federal Award	Number of DAP-supported members awarded grants/investments in 2021-2023	Total amount of awards
194	FA grant	33	\$21,224,480
	TA grant	58	\$11,129,790
	RRP grant	122	\$211,639,945
Number of DAP-supported credit unions receiving at least one federal award	ERP grant	67	\$180,595,255
	Small Dollar Loan Program grant	22	\$4,328,639
155	ECIP	36	\$654,221,000
	Totals	338	\$1,083,139,109

155 credit unions used Inclusiv's DAP for CDFI Certification and Compliance resulting in over \$1 billion federal grant dollars between 2021 and 2023.

DAP is not only a data tool to analyze Inclusiv member data but also allows Inclusiv to utilize the data to take informed advocacy positions for the CDCU and CDFI movements. During the CDFI Fund's blackout period, Inclusiv responded to all comment periods, created member templates and sign-on comment letters in response to the various proposed changes to CDFI Certification reporting obligations. These activities enable Inclusiv to provide relevant and timely data for, not only CDFI credit unions, but for the movement overall. For more information on Inclusiv's advocacy platform and efforts, please visit our [website](#).

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The 2024 rollout of the Financial Inclusion Data Analytics Platform will put the power of Inclusiv's data analytics at the fingertips of credit union managers and staff through:

- A new front-end portal with lending dashboards;
- The ability to generate standard data visualizations, performance metrics and compliance reports;
- On-demand data uploading and analysis;
- A Spanish-language option to serve Cooperativas in Puerto Rico and other Spanish language users; and,
- Enabling credit union lenders to track and measure their green lending patterns against the EPA's low-income and disadvantaged communities (LIDAC) requirements.

Inclusiv supports over 500 CDCUs annually. As the demand for data and reporting of federally-funded programs continues to grow, Inclusiv will continue to prove ourselves as leaders in supporting credit unions through critical access to relevant financial inclusion data metrics. CDCUs sought out, and Inclusiv responded to, impactful grant funding opportunities initially with the CDFI Fund, Treasury, and upcoming EPA. Beyond these initial programs, Inclusiv's vision is for FIDAP to be a tool for the credit union movement to strengthen their engagement in federal grant initiatives, quantify their impact through reporting, and support advocacy for the credit union movement overall.

Conclusion: The Value of TruStage Partnership and FIDAP

With generous support and guidance from TruStage in 2022, Inclusiv built the first iteration of the Data Analytics Platform (DAP) enabling credit unions to analyze loan transaction data, aggregate data to report for CDFI compliance, as well as to offer impact reporting that assists in grant applications and impact assessment.

In addition to the direct technology investment, TruStage mobilized its extensive salesforce to engage credit unions in discussions about becoming a CDFI, considering their eligibility for Certification, and helping to kickstart planning efforts to reach and serve more underserved members and potential members. As a result of these activities, between 2021 and 2023 Inclusiv's DAP loan analysis successfully supported 338 credit union federal grant awards resulting in over \$1 billion.

The FIDAP will launch in mid-2024 and with the financial support of TruStage. With this evolution of the original DAP, Inclusiv is building a user-friendly platform that members can use to analyze data in real time. The platform will have an equitable fee structure that considers small and MDI credit unions that are CDFI-certified and historically function with limited capacity and budget.

Inclusiv also anticipates participating in the \$27 billion Greenhouse Gas Reduction Fund through the EPA. If Inclusiv is selected to intermediate CDCUs through GGRF, the FIDAP will provide the backbone of compliance reporting services required by those credit unions involved in this upcoming federal fund. TruStage authored a letter in support of Inclusiv's

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application to the GGRF's Clean Communities Investment Accelerator, a \$6 billion funding opportunity that will provide grants to several nonprofits that deliver funding and technical assistance to build the clean energy financing capacity of local community lenders working in LIDAC. These grants will help underinvested communities secure the capital required to deploy clean technology projects.

TruStage's partnership with Inclusiv made possible the successful implementation of the original Data Analytics Platform. The potential impact and outcomes of the next-generation FIDAP in 2024 will reach the Inclusiv network of over 500 credit unions and Cooperativas that hold more than \$350 billion on community-controlled assets and serve over 22 million people.



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ABOUT INCLUSIV

Founded in 1974, [Inclusiv](https://www.inclusiv.org) empowers its member credit unions to advance financial inclusion through advocacy, education, technology, and impact investment.

Inclusiv is a certified CDFI intermediary instrumental in driving private and public investment in credit unions to build wealth for individuals, households, businesses, and communities formerly excluded from the financial mainstream.

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