

Native MDIs

Cultivating Economic Sovereignty



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Table of Contents

Executive Summary	3
1. A History of Disinvestment	5
2. Geographic Footprint.....	7
3. Financial Performance.....	10
4. Mission-Aligned Lending	14
5. Policy and Funding Landscape.....	15
Conclusion.....	18
Appendix A. – Native MDIs.....	19
Appendix B. – Data Notes.....	20

Native MDIs: Cultivating Economic Sovereignty

Executive Summary

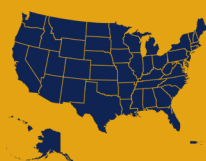
Native American Minority Depository Institutions (MDIs) are mission-driven community banks that primarily serve the country's Native American population – both on and off- reservation. A significant number of Native MDIs are directly owned by Tribal Governments or tribal-enrolled members. Native MDIs build trust with Native borrowers and communities based on shared values, flexible underwriting, and a commitment to financing community development.

This report explores this vital sector, highlighting its size, structure, growth, geographic footprint, and lending activity.

Among our key findings:



As of year-end 2024, there are **20 Native MDIs** with a combined **99 branch locations** and **over 1,800 employees**.



Over half (59%) of Native MDI bank branches are in Native Land Areas. Lumbee lands have the most Native MDI branches (**12%**), followed by **Cherokee (9%)**, **Choctaw (6%)**, **Creek (6%)**, and **Cheyenne and Arapaho (5%)**.



Native MDIs have a presence in 11 states. Oklahoma has the most bank branches (**61%**), followed by **North Carolina (13%)**, **Minnesota (7%)**, and **Missouri (5%)**.



Native American life expectancy in communities with Native MDIs is higher than national Native American life expectancy (69 versus 66 years) – though both still lag the national life expectancy (76 years).



Native MDIs' assets and deposits have grown significantly over the last five years but are still a small fraction relative to both the full MDI sector and the community banking sector. Across most financial performance metrics, **Native MDIs look comparable to the broader MDI sector and to other community banks.**



At year-end 2024, **Native MDIs collectively held almost \$6 billion in loans and leases on their balance sheets.** A majority of the Native MDI loan portfolio is in real estate, including **mortgages (27.7%)**, **commercial real estate (26.3%)**, and **construction (12.2%)**.

Native MDIs: Cultivating Economic Sovereignty

The Native MDI sector may be small, but it has an outsized impact on generating wealth and economic opportunity in Indian Country. To continue expanding the sector's reach:

- Corporations and other private sector entities can provide investments – especially Tier 1 equity – and deposits to Native MDIs. This grows the banks' balance sheets and enables more lending.
- Philanthropy and impact investors can leverage endowments through Mission-Related Investments and Program-Related Investments, create loan loss reserves, or take first loss positions in investment stacks to mitigate risk and catalyze more investment.
- Government at the federal, state, and local level can partner with Native MDIs as part of broader efforts to address affordable housing, small business, and other priority areas. Government can leverage tax credits, grants, contracts, purchasing agreements, and other policy tools to support Native community finance and economic development.

This report highlights the critical work Native MDI banks are doing to close credit and capital gaps in Native communities. Section 1 briefly outlines the historical context of disinvestment in Native communities. Section 2 describes the geography of Native MDIs. Section 3 details the financial performance of Native MDIs. Section 4 provides examples of mission-aligned lending strategies employed by Native MDIs. Finally, Section 5 discusses the current landscape and provides recommendations for policymakers, philanthropy, and other stakeholders to better support Native MDIs and Native-led economic empowerment.



The Native MDI sector may be small, but it has an outsized impact on generating wealth and economic opportunity in Indian Country.

1. A History of Disinvestment

There are currently 574 federally recognized Tribal Nations, an additional 60 or so state-recognized tribes, and an estimated 9.7 million people with American Indian and Alaska Native heritage in the United States.¹ While Native people's presence here predates the country's founding, the tribal-federal relationship has often been adversarial.

Throughout the 1800s, the U.S. government pursued aggressive land theft from Tribal Nations through violence, deceptive tactics, and broken treaties. Native people were forcibly relocated to designated reservations, sometimes hundreds of miles from their traditional homelands.²

This Removal Era of federal policy was followed by periods known as Assimilation, in which Native Americans lost control of 65% of their remaining lands, and Termination, which revoked federal recognition of tribes and federal funding for essential services.³ Throughout these eras, the U.S. government pursued a tandem policy of forced cultural assimilation and termination, most notoriously through Indian Boarding Schools.⁴

By the 1970s, successful Native activism led to the current era of Self-Determination federal policy.⁵ Tribal Nations today are recognized as sovereign entities and engage on a government-to-government basis with the U.S. government.

With a more secure legal status, Native communities have been able to focus on combatting the decades of economic isolation and disinvestment they have faced. Growth has been very high as a result, with improvements in real per capita income, median household income, and infrastructure and corresponding declines in unemployment and poverty.⁶ While impressive, these gains have been uneven across Indian Country and have narrowed – but not eliminated – the economic gaps between Native communities and the rest of the country.

As part of its federal trust responsibilities, the U.S. government provides certain key services in Indian Country such as the Indian Health Service and Bureau of Indian Education.^{7,8} Oversight agencies consistently find, though, that the federal government “inadequately supports Native Americans’ physical, social, and economic well-being... [for] a variety of reasons – including historical discriminatory policies, insufficient resources, and inefficient federal program delivery”.⁹

¹ See <https://www.bia.gov/service/tribal-leaders-directory>, <https://web.archive.org/web/20220901061023/https://www.ncsl.org/legislators-staff/legislators/quad-caucus/list-of-federal-and-state-recognized-tribes.aspx#State>, and <https://www.census.gov/newsroom/facts-for-features/2023/ai-an-month.html>

² See <https://history.state.gov/milestones/1830-1860/indian-treaties>

³ See <https://www.bia.gov/bia/history/IndianLawPolicy>

⁴ See <https://www.doi.gov/priorities/strengthening-indian-country/federal-indian-boarding-school-initiative> and <https://boardingschoolhealing.org/education/us-indian-boarding-school-history/>

⁵ See “The Struggle for Sovereignty: American Indian Activism in the Nation’s Capital, 1968-1978.” National Park Service. <https://www.nps.gov/articles/series.htm?id=CD753818-E66B-E15D-863BFEE49DB10EEC> and “American Indian Movement (AIM): Overview.” Minnesota Historical Society Library. <https://libguides.mnhs.org/aim>

⁶ Akee and Taylor. (2014). “Social and Economic Change on American Indian Reservations. A Databook of the US Censuses and the American Community Survey. 1990-2010.” <https://nnigovernance.arizona.edu/social-and-economic-change-american-indian-reservations-databook-us-censuses-and-american-community>

⁷ See <https://www.bia.gov/faqs/what-federal-indian-trust-responsibility>

⁸ Dortch, Heisler, et.al. (2025). “Tribal Self-Determination Authorities: Overview and Issues for Congress.” Congressional Research Service. <https://www.congress.gov/crs-product/R48256>

⁹ (2019). “Tribal Programs: Resource Constraints and Management Weaknesses Can Limit Federal Program Delivery to Tribes.” U.S. Government Accountability Office. <https://www.gao.gov/products/gao-20-270t>

Native MDIs: Cultivating Economic Sovereignty

Federal deficiencies are combined with private sector neglect. A seminal 2001 report found that only 14% of tribal lands in the continental U.S. had a financial institution in the community, and that if equity investors served tribal lands at comparable rates as similar economies, there would be an additional \$10 billion available in equity investments.¹⁰ More recent research continues to find gaps in credit access, with less than one cent per dollar of small business lending going to tribal lands and an average of only 2,200 mortgages made annually – under a federal program that fully removes any borrower risk with a 100% guarantee.¹¹

Some of this underinvestment is structural. Many Native communities are in rural areas, where financial institutions have long failed to adequately serve the market¹² However, Native people “generally relate implicit and explicit discrimination against Native Americans by conventional lenders, as well as aggressive marketing tactics by predatory lenders.”¹³

As a result, Native Americans too often have limited access to key financial services and products. A recent survey found that Native American households have the highest unbanked rate (12.2%), a trend which has been broadly persistent over time.¹⁴ Research also indicates that average credit scores are lower in areas with higher percentages of Native American residents.¹⁵ Lower credit scores and higher unbanked rates make it harder for people to save and invest in their futures.

Rise of Native Financial Institutions

To address these ongoing market gaps, community leaders created Native-owned and Native-serving financial institutions. The Lakota Funds, established in 1986 on the Pine Ridge Reservation, was one of the first. At the time of its founding, there were two Native American-owned businesses on the reservation, and 85% of residents had never had a checking or savings account. Today, the Fund’s loan portfolio is over \$15.6 million, and they have helped establish or expand nearly 1,350 businesses.¹⁶

The Lakota Funds’ success encouraged others to follow. There are now over 90 Native financial institutions – including banks, credit unions, and loan funds – managing some \$10 billion in assets to provide capital and credit across Indian Country.¹⁷

In this report, we focus on Native MDI banks, recognizing that banks often have more resources they can leverage to finance affordable housing, small business, and other sectors key to community development. Banks also offer essential consumer products, such as checking and savings accounts, which help people save, invest, and build credit under reasonable terms.

The next section discusses the geography of Native MDI banks and their communities in more detail.

¹⁰ (2001). “The Report of the Native American Lending Study.” Community Development Financial Institutions Fund. https://www.cdfifund.gov/sites/cdfi/files/documents/2001_nacta_lending_study.pdf

¹¹ Castillo, Mitchell, et. al. (2023). “Redlining the Reservation: The Brutal Cost of Financial Services Inaccessibility in Native Communities.” National Community Reinvestment Coalition. <https://ncrc.org/redlining-the-reservation-the-brutal-cost-of-financial-services-inaccessibility-in-native-communities/>

¹² Casey, Cecire, et. al. (2021). “An Overview of Rural Credit Markets.” Congressional Research Service. <https://www.congress.gov/crs-product/R46914>

¹³ Castillo, Mitchell, et. al. (2023). “Redlining the Reservation: The Brutal Cost of Financial Services Inaccessibility in Native Communities.” National Community Reinvestment Coalition. <https://ncrc.org/redlining-the-reservation-the-brutal-cost-of-financial-services-inaccessibility-in-native-communities/>

¹⁴ (2025). “MDIs: Building Trust to Bridge the Banking Gap.” National Bankers Association. <https://www.nationalbankers.org/post/mdis-building-trust-to-bridge-the-banking-gap>

¹⁵ Barr and Pietro. (2024). “The State of MDIs – 2024.” National Bankers Association. <https://www.nationalbankers.org/research-the-state-of-mdis-2024>

¹⁶ See Brunsch, Meeks, et. al. (2023). “Native CDFIs: Strengthening the Fabric of Rural America.” Federal Reserve Bank of St. Louis. <https://www.stlouisfed.org/-/media/project/frbstl/stlouisfed/files/pdfs/community-development/investing-rural/chapters/chapter35.pdf> and <https://www.lakotafunds.org/our-story>

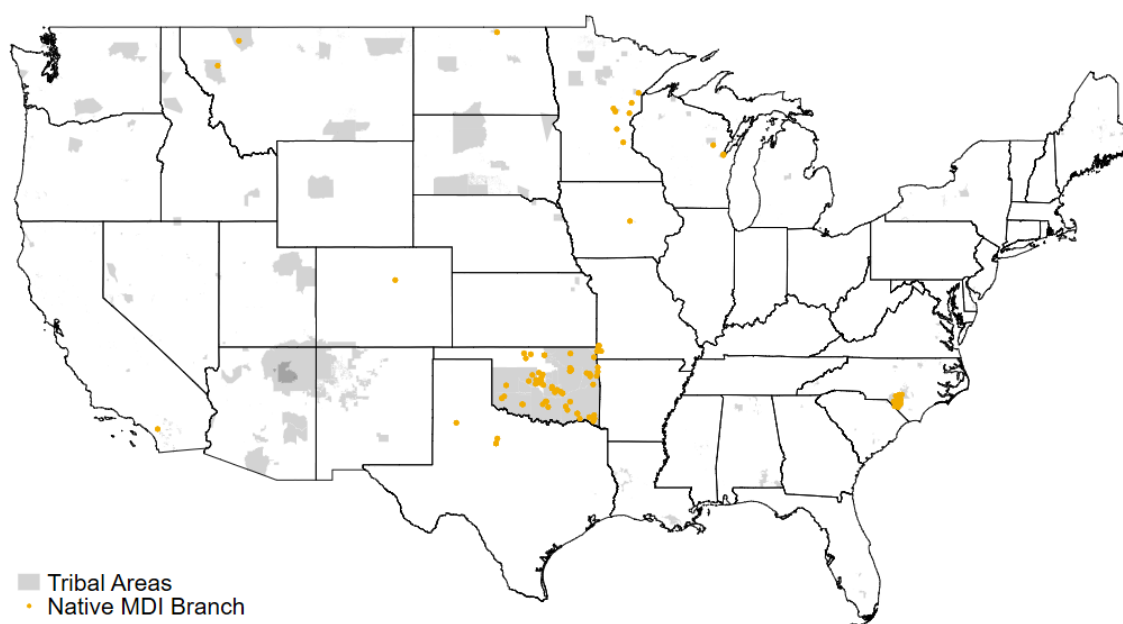
¹⁷ See the Center for Indian Country Development’s tool, Mapping Native American Financial Institutions, at <https://www.minneapolisfed.org/indiancountry/resources/mapping-native-banks>

2. Geographic Footprint

There are currently 20 Native MDI banks with a combined 99 branch locations and over 1,800 employees.

As Figure 1 below shows, over half (59%) of Native MDI bank branches are in Native Land Areas, reflecting MDI commitment to serving their communities. Lumbee lands have the most Native MDI branches (12%), followed by Cherokee (9%), Choctaw (6%), Creek (6%), and Cheyenne and Arapaho (5%). Native MDIs have a presence in 11 states, with Oklahoma having the most bank branches (61%), followed by North Carolina (13%), Minnesota (7%), and Missouri (5%).

FIGURE 1: Native MDIs and Tribal Areas



Note: Alaska has no MDIs and the MDIs in Hawaii are classified as Asian or Pacific Islander.

Native MDIs are often located in high-need communities. Over half (58%) of the 99 Native MDI branches operate in rural counties, which by nature are more geographically isolated. The challenges inherent to remote places are compounded in rural tribal areas, which can still lack basic infrastructure. As Table 1 below shows, residents in Native MDI communities are less likely to have access to safe and modern housing, healthy food, and basic medical care.¹⁹

¹⁹ For more detail on the statistics presented here, see Appendix B. Data Notes.

Native MDIs: Cultivating Economic Sovereignty

Table 1: Infrastructure in Native MDI Communities

	National Benchmark	Native MDI Communities
Incomplete Plumbing	1.8%	3.9%
Local Water Violation	36.3%	62.5%
High-Speed Broadband	74.6%	59.2%
Low Food Access	5.7%	9.0%
Doctors per 100,000 People	75	42

The cumulative impact of this disinvestment is stark: while the national life expectancy is 76 years, for those of Native American heritage in Native MDI communities, average life expectancy is only 69 years. Notably though, Native life expectancy in Native MDI communities is three years higher than the national Native American life expectancy of 66 years.²⁰

Countering these trends requires sustained resources, but Native MDI communities do not have the strongest economic base from which to build a better future (see Table 2). Average income is much lower and poverty much higher than nationally. In many cases poverty in Native MDI communities is deeply entrenched, with 2.5 times as many counties in persistent poverty compared to the U.S. as a whole. The prime age labor force participation rate, which is a measure of the workforce that is either employed or actively searching for work, is markedly lower in Native MDI communities.

Table 2: Economic Indicators in Native MDI Communities

	National Benchmark	Native MDI Communities
Income	\$78,500	\$58,000
Poverty Rate	12.4%	17.7%
Persistent Poverty Counties	10.8%	27.1%
Labor Force Participation	83.1%	75.3%

²⁰ Use caution when interpreting these statistics. The numbers reported here are life expectancy at birth. This is a synthetic measure that estimates the life expectancy of a 2021 newborn who experiences through its life the age-specific death rates of the actual U.S. population in 2021. It is a snapshot-in-time datapoint that provides some composite information on the overall population's health and mortality rates, but the more relevant data for any given person's life expectancy is drawn from their specific cohort life table. Further, when considering life expectancy in Native MDI communities, we necessarily do not make any causality claims based on MDI presence.

Native MDIs: Cultivating Economic Sovereignty

Taken together, these statistics paint a picture of communities where opportunity is scarce and has been for a long time. Official statistics tell only part of the story, however. Native communities are resilient and entrepreneurial, often having “a high level of informal economic activity not captured by census or other publicly available data”.²¹ This activity might look like selling prepared foods from the back of a pickup truck, going door-to-door with traditional jewelry for sale, or raising seed capital via digital fundraising platforms.²²

Economic activity increasingly occurs in more formalized ways as well. The share of Native American business owners has grown 200% over the last two decades, and in 2021 there were over 400,000 Native American-owned firms generating \$66.9 billion in sales.²³ Some research suggests that businesses on tribal reservations have higher survival rates than businesses in comparable counties.²⁴ There is no shortage of entrepreneurial activity in Native communities, from coffee shops serving traditional snacks to nascent mobile RV repair businesses.²⁵ The biggest issue for Native innovators and dreamers is instead a lack of access to capital.

For Native MDIs financing solutions in Indian Country, Indian identity is central to their work. Nine Native MDIs are either outright or majority owned by Tribal Governments, one MDI is owned by a consortium of primarily Tribal Governments and affiliates, and three MDIs are owned by proudly enrolled tribal members.²⁶

Local Bank is a prime example. Established in 1907 by Cherokee community leaders, it reinvests 95% of deposits back into the community.²⁷ Citizen Potawatomi Nation’s Sovereign Bank is the largest tribal-owned bank, and its name highlights the Tribe’s commitment to freedom and self-determination. AllNations Bank, owned by the Absentee Shawnee Tribe, continues to fund small projects that might struggle to receive financing from conventional lenders, even as it supports Tribal Nations throughout the country.

Native MDIs’ ability to invest in their local communities is only as strong as their balance sheet, though. In the next section, we show that while the Native MDI sector has experienced significant growth in assets and deposits, it is still vastly undercapitalized compared to both the broader MDI sector and the national banking sector.

200%

The share of Native American business owners has grown 200% over the last two decades.

\$66.9 billion

In 2021 there were over 400,000 Native American-owned firms generating \$66.9 billion in sales.

²¹ Castillo, Mitchell, et. al. (2023). “Redlining the Reservation: The Brutal Cost of Financial Services Inaccessibility in Native Communities.” National Community Reinvestment Coalition. <https://ncrc.org/redlining-the-reservation-the-brutal-cost-of-financial-services-inaccessibility-in-native-communities/>

²² Ibid and Gray, Katti. (2022). “A Groundswell of Community-Led Work is Revitalizing Indian Country.” Northwest Area Foundation. <https://www.nwaf.org/2022/12/13/a-groundswell-of-community-led-work-is-revitalizing-indian-country/>

²³ (2024). “Small Business Facts: Native American Ownership Statistics 2024.” Small Business Administration. <https://advocacy.sba.gov/2024/11/05/small-business-facts-native-american-ownership-statistics-2024/>

²⁴ Akee, Mykerezi, et. al. (2021). “Business Dynamics on American Indian Reservations: Evidence from Longitudinal Datasets.” Center for Indian Country Development. <https://www.minneapolisfed.org/research/cicd-working-paper-series/business-dynamics-on-american-indian-reservations-evidence-from-longitudinal-datasets>

²⁵ “Difference Makers 2.0 Storytelling Series.” Native CDFI Network and Tribal Business News. <https://nativecdfi.net/difference-makers-2-0/>

²⁶ See Appendix A. Native MDIs for more information.

²⁷ See <https://www.localbank.com/about/our-story>, <https://banksovereign.com/about>, and https://www.anbok.bank/about_us/

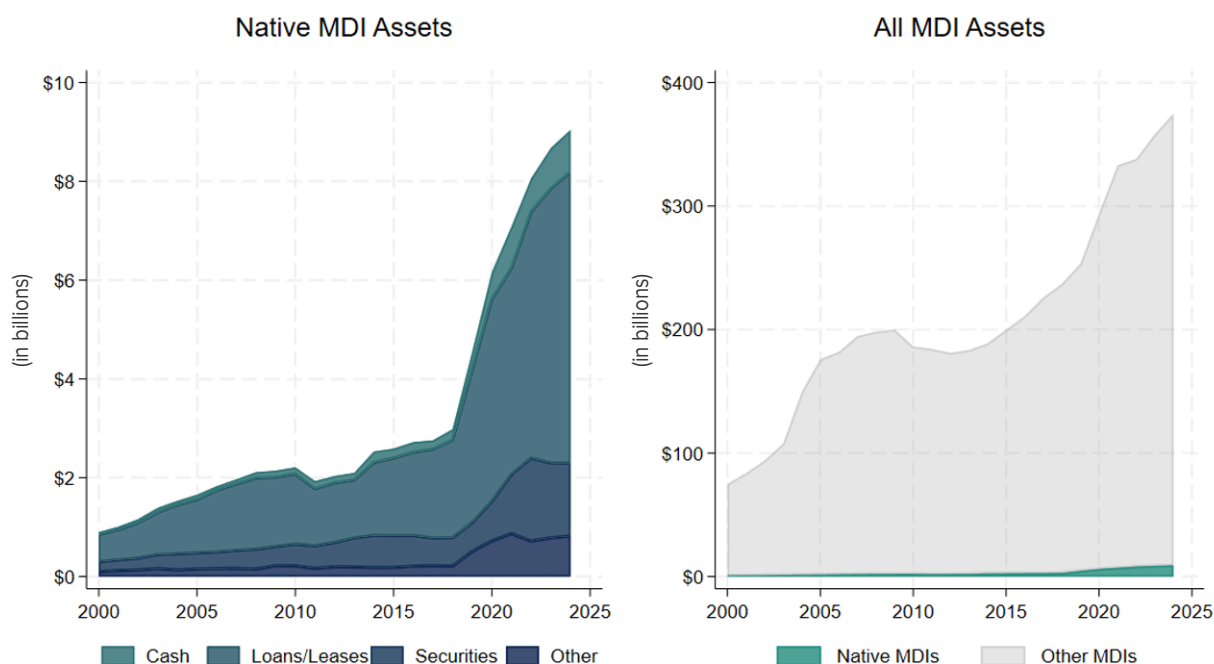
3. Financial Performance

While small compared to the overall U.S. banking sector, Native MDIs have expanded in market share over the last 25 years.

Assets have grown steadily since 2000 but increased sharply in recent years, tripling from \$3 billion at the end of 2018 to over \$9 billion in 2024. The average bank asset size is currently \$350 million, with most Native MDIs in the \$100 million to \$999 million asset class range. Only two Native MDIs have assets over \$1 billion.

As Figure 2 below shows, loans and leases comprise the majority of Native MDI assets (65.2% in 2024), followed by securities (16.3%), cash (9.4%), and other assets. However, Native MDI assets form a very small percentage of all MDI assets (2.5% in 2024) – and MDIs hold only 1.5% of all bank assets nationally.

Figure 2: Assets at Native MDIs vs the MDI Sector



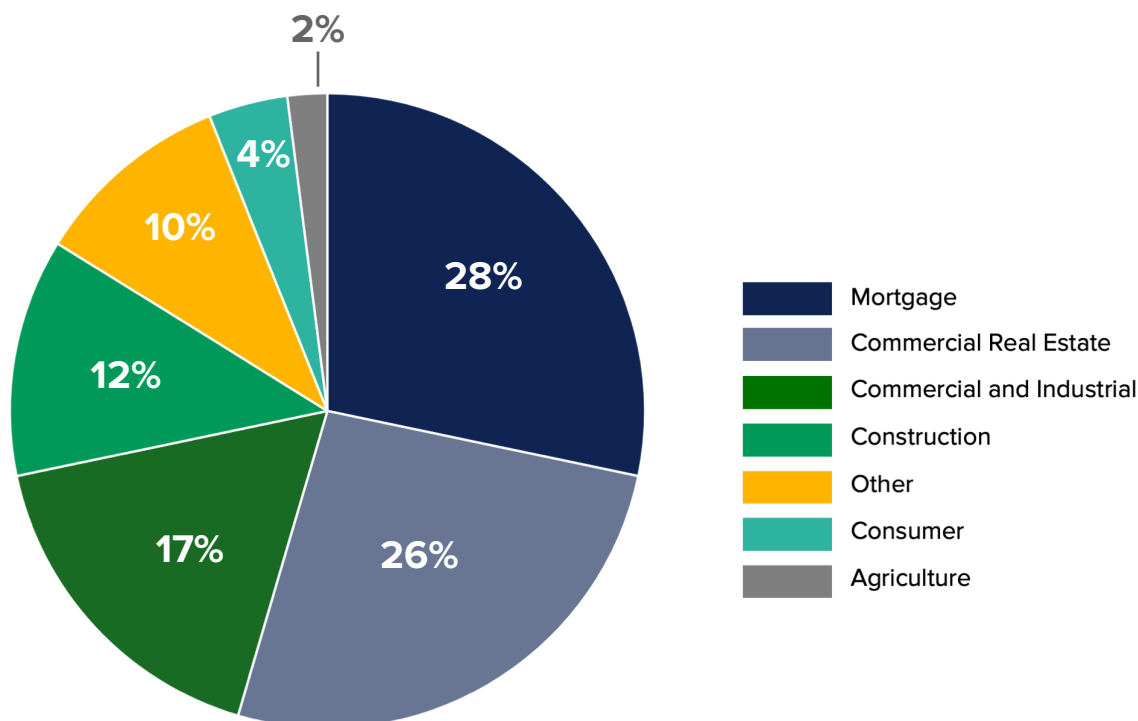
²¹ Castillo, Mitchell, et. al. (2023). "Redlining the Reservation: The Brutal Cost of Financial Services Inaccessibility in Native Communities." National Community Reinvestment Coalition. <https://ncrc.org/redlining-the-reservation-the-brutal-cost-of-financial-services-inaccessibility-in-native-communities/>

²² Ibid and Gray, Katti. (2022). "A Groundswell of Community-Led Work is Revitalizing Indian Country." Northwest Area Foundation. <https://www.nwaf.org/2022/12/13/a-groundswell-of-community-led-work-is-revitalizing-indian-country/>

Native MDIs: Cultivating Economic Sovereignty

At year-end 2024, Native MDIs collectively held almost \$6 billion in loans and leases. A majority of the Native MDI loan portfolio was in real estate (see Figure 3), split between mortgages (27.7%), commercial real estate (26.3%), and construction (12.2%). Commercial and industrial lending (17.4%) was another significant portion of the Native MDI loan portfolio. These category breakdowns have been broadly constant since the 2000s.

Figure 3: Loan Portfolio for Native MDIs, 2024



Native MDIs at the end of 2024 held over \$7 billion in deposits (see Figure 4), the majority of which were core deposits (83.5%), followed by brokered deposits (10.1%). Brokered deposits have more than tripled between 2020 and 2024, as the private sector and philanthropy deepened their support of mission-driven banks.

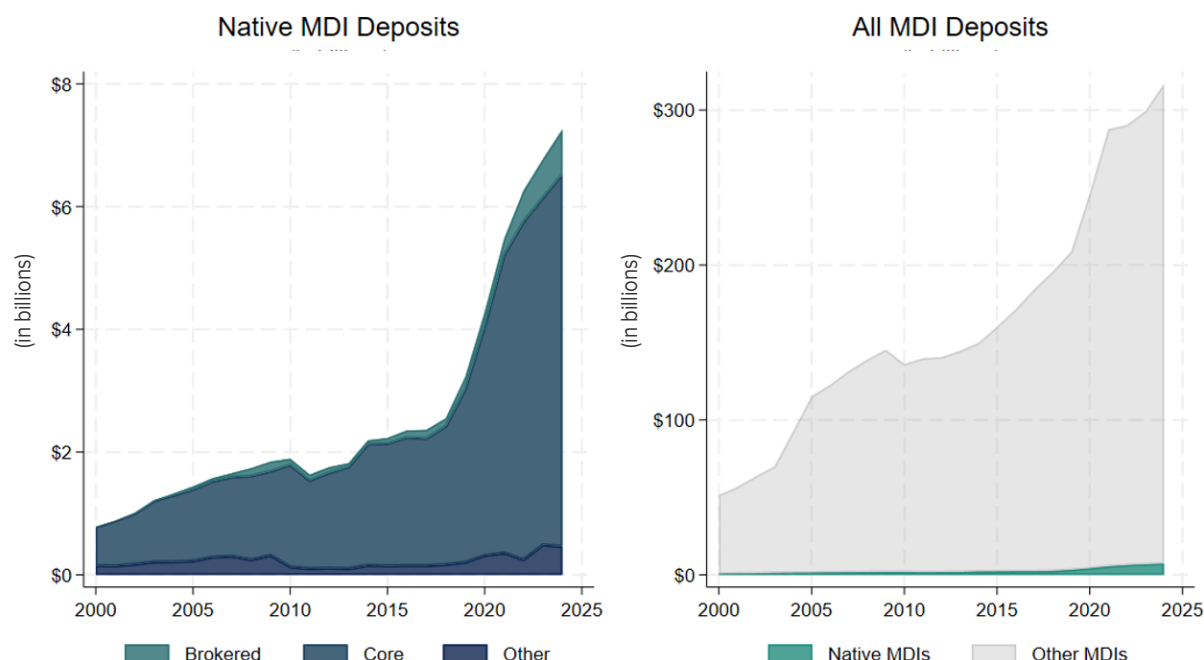
On average, Native MDIs held just over \$300 million in deposits. Similar to assets, deposits held by Native MDIs are a very small percentage of deposits in the overall MDI sector (2.3% in 2024) – and the MDI sector holds only 1.6% of all deposits nationally.

²¹ Castillo, Mitchell, et. al. (2023). "Redlining the Reservation: The Brutal Cost of Financial Services Inaccessibility in Native Communities." National Community Reinvestment Coalition. <https://ncrc.org/redlining-the-reservation-the-brutal-cost-of-financial-services-inaccessibility-in-native-communities/>

²² Ibid and Gray, Katti. (2022). "A Groundswell of Community-Led Work is Revitalizing Indian Country." Northwest Area Foundation. <https://www.nwaf.org/2022/12/13/a-groundswell-of-community-led-work-is-revitalizing-indian-country/>

Native MDIs: Cultivating Economic Sovereignty

Figure 4: Deposits at Native MDIs vs the MDI Sector



The small number of MDIs makes financial trend analysis difficult, and this is exacerbated for the even smaller subset of Native MDIs. However, it can still be illustrative to examine a few broad trends (see Figure 5). Native MDIs are generally operating in a sound manner even while working with limited resources.

Over the last decade, net interest margins and net income ratios for the Native MDI sector were typically higher than for both the full MDI sector and the community bank sector.²⁸ This is in line with the FDIC’s finding that MDIs “tend to outperform non-MDI community banks in revenue generation” on both the net interest and non-interest sides.²⁹

Native MDIs’ cost of funds has closely tracked both the full MDI and community bank sectors. Since 2022, the Federal Reserve’s increase in borrowing rates has caused the cost of funds to skyrocket.³⁰

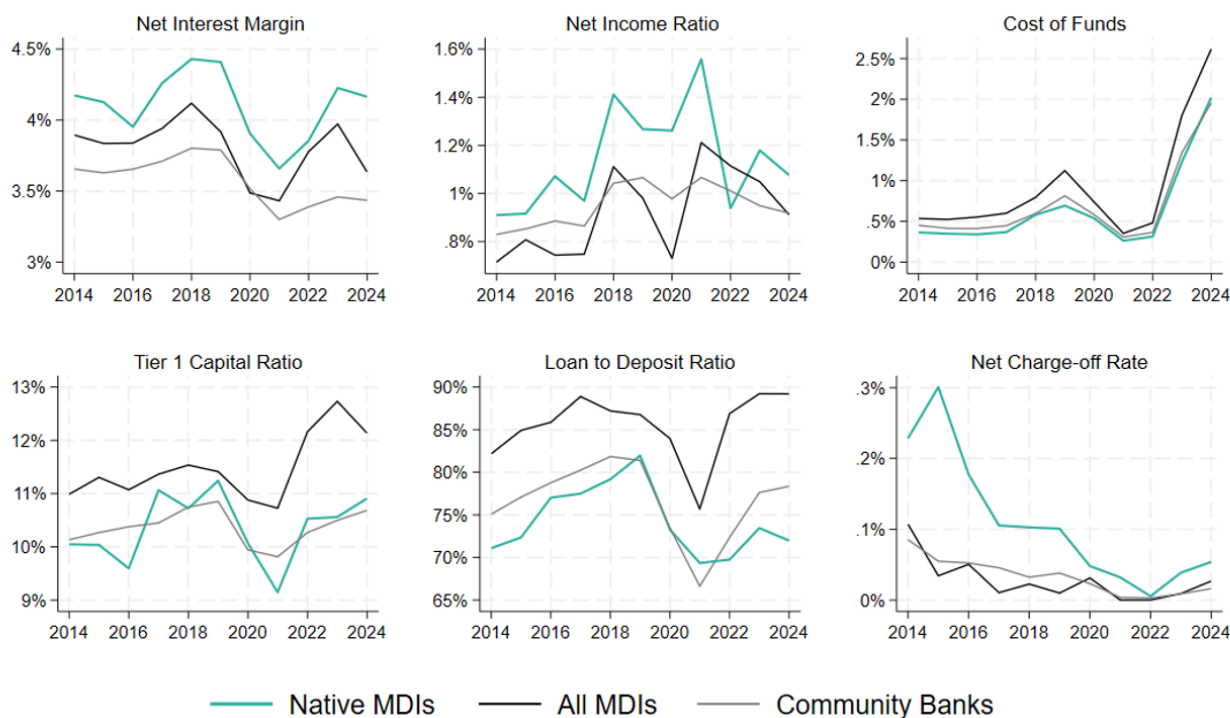
²⁸ As defined by the FDIC, Community Banks: Exclude any bank with no loans or core deposits, $\geq 10\%$ total assets held in foreign branches, or $> 50\%$ total assets in specialty banks. Include all remaining banks with total assets $<$ indexed threshold (\$250 million in 1985 and \$2.17 billion in 2024) or total assets \geq indexed threshold where loan to assets $> 33\%$, core deposits to assets $> 50\%$, >1 office but \leq indexed maximum number of offices (40 in 1985 and 107 in 2024), number of large MSAs with offices ≤ 2 , number of states with offices ≤ 3 , and no single office with deposits $>$ indexed maximum branch deposit size (\$1.25 billion in 1985 and \$10.87 billion in 2024). Most, but not all, MDIs are also classified as community banks. At year-end 2024, 25 MDIs (16.7% of the sector) were not considered a community bank.

²⁹ Breitenstein, Chu, et. al. (2019). “2019 Minority Depository Institutions. Structure, Performance, and Social Impact.” Federal Deposit Insurance Corporation. <https://www.fdic.gov/regulations/resources/minority/2019-mdi-study/full.pdf>

³⁰ (2023). “FDIC Quarterly Banking Sector Performance, Vol. 17, No. 3.” Federal Deposit Insurance Corporation. <https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2023-vol17-3/article1.pdf>

Native MDIs: Cultivating Economic Sovereignty

Figure 5: Financial Performance



Native MDIs' average tier 1 capital ratio has historically been lower than the full MDI sector, but broadly tracks trends affecting peer sectors. The decline in 2020-2021 was due to asset growth outpacing growth in equity capital.³¹ Beginning in 2022, Native MDIs – along with all MDIs – saw an uptick in tier 1 capital ratios. Much of this was due to the Treasury's Emergency Capital Investment Program (ECIP), but increased private sector commitments also played a role.³²

The loan-to-deposit ratio for Native MDIs is similarly lower than the full MDI sector but follows the same trends as its peer sectors. Loan-to-deposit ratios fell across the board in 2020-2021 because of pandemic uncertainty, as people saved more and took on less debt.³³ The larger MDI sector's bounce back has yet to fully materialize for Native MDIs.

Finally, while the average net charge-offs ratio for Native MDIs is elevated compared to other sectors, it has been broadly improving in recent years. As the most recent Federal Deposit Insurance Corporation (FDIC) MDI Annual Report to Congress notes, both net charge-off balances and the net charge-off rate are ticking slightly up, reflecting some economic and geopolitical uncertainty.³⁴ Overall though, MDIs' financial performance remains sound.

³¹ (2020). "Preservation and Promotion of Minority Depository Institutions. Report to Congress for 2020." Federal Deposit Insurance Corporation. <https://www.fdic.gov/regulations/resources/minority/congress/report-2020/complete-report.pdf>

³² Sears, Judith. (2024). "From Vision to Reality: How CDFIs and MDIs Fund Their Important Efforts." Independent Banker. <https://www.independentbanker.org/article/2024/02/05/from-vision-to-reality-how-cdfis-and-mdis-fund-their-important-efforts>

³³ White, Carl. (2021). "Banks Navigate Surging Deposits, Tepid Loan Activity since COVID-19 Onset." Federal Reserve Bank of St. Louis. <https://www.stlouisfed.org/on-the-economy/2021/august/banks-navigate-surging-deposits-tepid-loan-activity>

³⁴ (2023). "Preservation and Promotion of Minority Depository Institutions. 2023 Report to Congress." Federal Deposit Insurance Corporation. <https://www.fdic.gov/minority-depository-institutions-program/2023-annual-report-congress>

4. Mission-Aligned Lending

Why have Native MDIs found success working in communities that other lenders dismiss as too risky? Repeatedly, Native financial institutions cite a focus on relationship-based lending, cultural familiarity, and the flexibility to do things differently.

For example, traditional underwriting has long incorporated an analysis of the four Cs of credit – character, capital, capacity, and collateral. Many Native financial institutions go farther, using a character score that considers factors like engagement in the borrowing process, support networks and community reputation, and commitment to the business. Studies have found that these assessments effectively predict risk, sometimes with even more accuracy than traditional credit scores.³⁵

There are other ways to creatively extend credit. In communities with high employment in seasonal industries such as fishing and logging, Native financial institutions will align loan amortization schedules with the income-generating seasons. Some Tribal Nations provide tribal distribution payments to enrolled members, sharing the proceeds from communal economic activity like tribal gaming. One Native financial institution accepts pledged tribal distribution payments as collateral for consumer loans of up to \$4,000, providing credit access to low-income borrowers who might not otherwise have steady income.³⁶

Products and services are culturally informed, such as intergenerational financial workshops and personal loans for traditional ceremonies.³⁷ Staff at Native financial institutions incorporate their shared cultural background into client interactions, reframing financial concepts in terms that resonate with people.

As one Native lending executive says:

“The sense of community and shared growth – the essence of capitalism – existed in those [early Native] societies... We couldn’t hunt buffalo for sport, in the case of my tribe, to have a trophy on the wall, because we needed vibrant buffalo populations to eat, and we couldn’t use the land in an extractive or degrading manner, because we knew we were going to come back around to that chunk of land again...”

[Native financial institutions are successful] because they see themselves as part of the community, and they understand that the actions they take are going to have impacts on other parts of the community. So they are inclined to be more flexible, more thoughtful, and take a longer-term approach.³⁸”

These efforts are yielding results. Research finds that Native financial institutions improve credit scores in Indian Country – particularly for those with the lowest scores – in a way that non-Native institutions do not. During the COVID-19 pandemic, Native MDIs made almost 16,000 Paycheck Protection Program loans totaling over \$770 million, providing a vital lifeline to Native businesses.⁴⁰ At a community level, there are “many signs of growing Native economic and political power – increasingly anchored in visions of Indigenous economics.”⁴¹ The challenge is ensuring that Native MDIs are adequately supported to grow and scale their impact in Native communities.

³⁵ Dimitrova-Grajzl, Grajzl, et. al. (2023). “Native CDFIs Bring Holistic Approach to Assessing Credit Risk.” Center for Indian Country Development. <https://www.minneapolisfed.org/article/2023/native-cdfis-bring-holistic-approach-to-assessing-credit-risk>

³⁶ Dimitrova-Grajzl, Grajzl, et. al. (2024). “Fostering Financial Inclusion by Ensuring Cultural Fit: The Case of the NCDFI Industry.” Center for Indian Country Development. <https://www.minneapolisfed.org/-/media/assets/papers/cicdwp/2024/cicd-wp-2024-01.pdf>

³⁷ Ibid.

³⁸ From the authors’ 2025 interview with Zach Ducheneaux, U.S. Department of Agriculture’s Farm Service Agency Administrator.

³⁹ Kokodoko, Dimitrova-Grajzl, et. al. (2021). “Native CDFIs Improve Credit Outcomes for Indian Country Residents.” Center for Indian Country Development. <https://www.minneapolisfed.org/article/2021/native-cdfis-improve-credit-outcomes-for-indian-country-residents>

⁴⁰ Barr and Romer. (2023). “Minority Depository Institutions: Paycheck Protection Program (PPP) Lending Insights.” National Bankers Association. <https://www.nationalbankers.org/research-mdi-ppp-lending>

⁴¹ Dubb, Steve. (2024). “With New Resources, Native Nations Join Forces to Build Sustainable Economies.” Nonprofit Quarterly. <https://nonprofitquarterly.org/with-new-resources-native-nations-join-forces-to-build-sustainable-economies/>

5. Policy and Funding Landscape

A recent survey finds that demand for Native financial institutions is outpacing their resources and capacity. The biggest reported constraint was lending capital (64.7%), and particularly insufficient equity and debt capital (80.0%).⁴² Providing these institutions with the funding they need should be approached with the same urgency and creativity that Native financial institutions bring to their own work. This section outlines a few key avenues for collaboration.

States can be important partners for economic development when willing to engage with Tribal Governments and Native communities in fair and productive ways. Many states with sizeable numbers of Native American residents have executive-level offices for tribal affairs, and some offer specific programs for Native communities. State governments can also be gatekeepers to services such as public utilities or revenue through tax or tribal gaming compacts.⁴³

The Native American Collateral Support Program assists Montana-based, Native American-owned businesses that would qualify for a loan except for their insufficient collateral or equity. Participating lenders apply, on behalf of a qualifying business, to the state of Montana for a certificate of deposit that covers a portion of the required collateral. As the borrower repays their loan, the lender returns the funds to the state.⁴⁴

The most significant public partnerships are typically with the federal government, however. As discussed previously, the U.S. government has certain federal trust responsibilities to Tribal Nations, including the provision of services through the Indian Health Service and Bureau of Indian Education. Federal legislation and regulations increasingly give Tribal Nations or entities the option to apply for funding in the same way as states or local municipalities. The Community Development Financial Institutions (CDFI) Fund provides funding and technical assistance to Native financial institutions.

In a sign of strengthening Native institutional capacity, Native organizations recently secured two groundbreaking federal awards. A coalition of nine Native financial institutions based across Montana, Wyoming, North Dakota, and South Dakota received a \$45 million revolving fund award to enhance their lending activities.⁴⁵ Separately, a network of 63 Native financial institutions received a \$400 million award to finance climate resiliency projects.⁴⁶ These awards underlined the success of Native-led community development.

⁴² Carpenter, Gregg, et. al. (2025). "As Demand for Native CDFIs Surges, Their Capacity Lags." Center for Indian Country Development. <https://www.minneapolisfed.org/article/2025/as-demand-for-native-cdfis-surges-their-capacity-lags>

⁴³ Baldwin-LeClair, Huff, et. al. (2022). "Tribal-State Tax Compacts Rise as a Tool for Tax Clarity in Indian Country." Center for Indian Country Development. <https://www.minneapolisfed.org/article/2022/tribal-state-tax-compacts-rise-as-a-tool-for-tax-clarity-in-indian-country> and <https://www.nigc.gov/commission/faqs-detail/What-must-a-tribe-do-before-opening-a-gaming-facility>

⁴⁴ See <https://commerce.mt.gov/Business/Indian-Country/Indian-Country-Financial-Assistance/The-Native-American-Collateral-Support-Program>

⁴⁵ "Mountain | Plains Regional Native CDFI Coalition." Economic Development Agency. <https://www.eda.gov/funding/programs/american-rescue-plan/build-back-better/finalists/four-bands-community-fund>

⁴⁶ "Clean Communities Investment Accelerator." Environmental Protection Agency. <https://www.epa.gov/greenhouse-gas-reduction-fund/clean-communities-investment-accelerator>

Native MDIs: Cultivating Economic Sovereignty

Federal support for Native communities goes beyond direct funding, with well-designed regulation and tax policy boosting private sector investment. For example, the Community Reinvestment Act (CRA) compels banks to lend wherever they take deposits, and particularly encourages investment in underserved areas. This legislation can incentivize larger regional or national banks to support Native MDIs – for example, by providing equity investments or buying loans – in exchange for CRA credit. Direct pay equalizes the tax treatment between Tribal Governments or nonprofit entities and private businesses when making tax-incentivized investments.

Tax credits are another mechanism for bringing in the private sector. Between 2003 and 2020, New Markets Tax Credits facilitated a total \$1.8 billion in private sector investments in Indian Country.⁴⁷ Opportunity Zones may also prove an important tool for development, with over half of tribal census tracts (52%) in a designated Opportunity Zone.⁴⁸

As consequential as public policy is though, it will never reach the scale that the private sector can. Disparate actors such as regional or national banks, impact investors, and large philanthropies can all invest in and support Native MDIs.

Large foundations, for example, direct less than 0.5% of their funding to Native American nonprofits.⁴⁹ The recent awards from philanthropist MacKenzie Scott made news when she gave a combined \$103 million in unrestricted funding to 30 Native financial institutions.⁵⁰ Her use of unrestricted funding has been especially impactful, and is a model of giving that Native financial institutions hope will be more widely replicated.



⁴⁷ (2023). "New Markets Tax Credit Investments in Native Areas: Selected Case Studies and Best Practices." Community Development Financial Institutions Fund. https://www.cdfifund.gov/sites/cdfi/files/2023-10/CDFI_NMTC_NI_Case_Study_Report_Final.pdf

⁴⁸ Pindus and Meixell. (2018). "Why Opportunity Zones are Important for Indian Country." Urban Institute. <https://www.urban.org/urban-wire/why-opportunity-zones-are-important-indian-country>

⁴⁹ (2019). "Investing in Native Communities." Native Americans in Philanthropy. https://www.issuelab.org/resources/35493/35493.pdf?download=true&_gl=1*u0ih0h*_ga*MTY4NjM3MzEwNi4xNjU3NzE4NjEx*_ga_5W8PXYGBX*MTY3ODgwMzk2Mi4zOS4xLjE2Nzg4MDM5NjguNTQuMC4w&_ga=2.215411294.832650803.1678803962-1686373106.1657718611

⁵⁰ Edwards, Brian. (2024). "MacKenzie Scott Awards More than \$100M to Native CDFIs." Tribal Business News. <https://tribalbusinessnews.com/sections/finance/14930-mackenzie-scott-awards-more-than-100m-to-native-cdfis>

⁵¹ Di Mento, Maria. (2024). "MacKenzie Scott's Millions Boost Native American Nonprofits." The Chronicle of Philanthropy. <https://www.philanthropy.com/article/mackenzie-scotts-millions-boost-native-american-nonprofits-relationship-to-philanthropy>

Native MDIs: Cultivating Economic Sovereignty

In general, **the request to donors and funders is more flexibility, understanding, and trust.** Just as Native MDIs meet prospective borrowers wherever they are and work diligently to get them loan-ready, Native MDIs need the same level of tailored support.

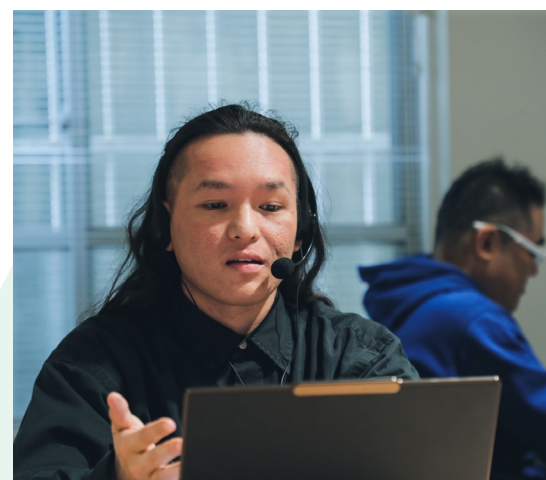
More flexibility in awards and investments – including longer investment timelines, larger pools of capital, unrestricted or Program Related Investments, and streamlined administrative requirements – **allows Native financial institutions to stretch each dollar farther.**⁵² Other support can include providing technical assistance, placing deposits, facilitating a secondary market for Native financial institution loans, and extending bridge funding.

More understanding means learning about the Native MDI sector and Native communities. This report serves only as an overview; the footnotes reference valuable resources and organizations to continue learning from. Partnering with Native organizations requires a strong understanding of the various bureaucracies and laws that affect Tribal lands, and it also requires a certain tenacity and adaptability to get things done.

More trust starts with centering the vision and expertise of those already working in Indian Country. As one experienced community leader notes:

“Where those relationships are truly based on trust, and you have a relational aspect between the borrower and the lender that transcends pure profit motivation, they’re more resilient, they’re more likely to last, and they’re more likely to work out.”⁵³

Trust is the foundation of sustainable community development. Ultimately, these suggestions are only a starting point. We encourage different sectors to begin envisioning how they can partner with Native communities to build on existing assets and unlock greater economic opportunity for all. These recommendations – and many more potential opportunities – are best refined and operationalized through direct engagement with Native community members and institutions, especially Native MDIs.



⁵² (2022). “CDFIs Were Created to Remove Barriers for Populations Denied Prosperity. Here’s How Funders Can Be Supportive.” Northwest Area Foundation. <https://www.nwaf.org/2022/11/02/cdfis-were-created-to-remove-barriers-for-populations-denied-prosperity/>

⁵³ From the authors’ 2025 interview with Zach Ducheneaux, U.S. Department of Agriculture’s Farm Service Agency Administrator.

Conclusion

The minority banking sector exists to ensure that all Americans have equal access to capital, credit, and financial opportunity. Consistent with this mission, Native MDIs play a key role in financing community development across Indian Country. As this report has shown, Native MDIs locate in and serve communities with immense challenges, as captured by statistics around income, poverty, and investment flows. Still, these same communities are highly resilient, entrepreneurial, and worthy of investment.

As the sector's assets and deposits have grown, especially over the last few years, Native MDIs have correspondingly expanded their lending. This lending supports mortgages, small businesses, commercial real estate, and other activities that promote economic vitality and communal wealth-building in Native communities. Collectively, Native MDIs are financing roughly \$6 billion in projects – and could do so much more if given the resources.

To close the gaps in economic wellbeing, we must dramatically increase the scale of capital available in Indian Country. That starts with growing the balance sheet of Native MDIs and other Native financial institutions already operating successfully in these communities. Corporate, philanthropy, impact investors, developers, and government can all support Native-led community development. Together, we can make economic opportunity available for all Americans and in every community.

About the National Bankers Association

Founded in 1927, the National Bankers Association champions minority depository institutions, advocating for mission-driven banks that serve underserved and low- to-moderate-income communities. Representing community banks across 43 states and territories, the Association promotes economic empowerment, capital access, and financial inclusion.

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Appendix A. Native MDIs

Bank	Tribal/Native Ownership	CDFI	State HQ	Assets (000s)
AllNations Bank	Absentee Shawnee Tribe		OK	\$66,503
Bay Bank	Oneida Nation	Yes	WI	\$278,225
Carson Community Bank			OK	\$162,027
Chickasaw Community Bank	Chickasaw Nation	Yes	OK	\$469,509
Eagle Bank	Confederated Salish and Kootenai Tribes		MT	\$152,247
F&M Bank			OK	\$772,050
FirstBank			OK	\$623,527
First State Bank			TX	\$112,999
Gateway First Bank			OK	\$1,894,749
Legacy Bank	Soboba Tribe		CA	\$74,737
Local Bank	Native owned	Yes	OK	\$401,622
Lumbee Guaranty Bank	Native owned		NC	\$519,985
Native American Bank NA	Tribal Consortium	Yes	CO	\$404,104
Pauls Valley National Bank			OK	\$325,253
People's Bank of Seneca	Eastern Shawnee Tribe of Oklahoma		MO	\$474,479
Pinnacle Bank	Sac and Fox Tribe of the Mississippi in Iowa		IA	\$291,448
Security State Bank of Oklahoma		Yes	OK	\$373,072
Sovereign Bank	Citizen Potawatomi Nation		OK	\$1,203,043
Turtle Mountain State Bank	Native owned		ND	\$125,569
Woodlands National Bank	Mille Lacs Band of Ojibwe		MN	\$316,219

Appendix B. Data Notes

The list of Native MDIs and branch location data comes from the FDIC, and is current as of December 31, 2024.

Financial performance data is from the FDIC Consolidated Reports of Condition and Income, more commonly known as Call Reports. Data is as of December 31 of the given year. Reported averages and graphed data in Figure 5 are median values.

County ruralness is derived from data provided by the Census Bureau, based on the Office of Management and Budget's Core Based Statistical Areas definition. Any county not part of a metropolitan or micropolitan statistical area is considered rural in this analysis.

County persistent poverty is defined as counties with poverty rates of 20% or higher for 30 or more years. The data was compiled by the Census Bureau, based on the 1990 and 2000 Decennial Censuses and five-year American Community Surveys for 2009 and 2019.

Data on income (household median), poverty rates, labor force participation, plumbing, and broadband is from the Census Bureau's five-year American Community Survey for 2023. Data is analyzed at the tract level. All reported averages are median values.

Data on life expectancy, food access, medical access (primary care physicians per 100,000 people), and drinking water violations is compiled by the University of Wisconsin's Population Health Institute. The 2024 Annual Data Release is used, but consists of the most recently available data. Specifically, life expectancy is for 2019-2021, food access is as of 2019, medical access is as of 2021, and drinking water is as of 2022. Data is analyzed at the county level. All reported averages are median values.