



CENTER FOR
INDIAN COUNTRY
DEVELOPMENT



FEDERAL RESERVE BANK OF MINNEAPOLIS

CICD RESEARCH UPDATES

*Equipping communities and policymakers with
economic analysis and data*

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*The views expressed here are the presenter's
and not necessarily those of the Federal Reserve Bank of Minneapolis
or the Federal Reserve System.*



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FEDERAL RESERVE BANK OF MINNEAPOLIS

Outline

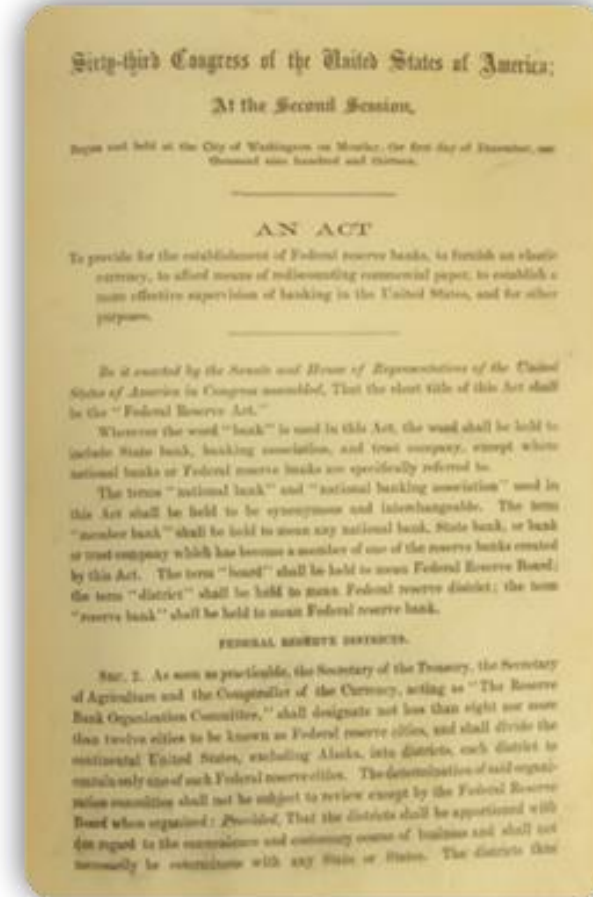
- Overview
- Credit Scores in Native American Communities
- Understanding Native CDFI Financials – Insights from IRS 990 Forms Data
- Other Native CDFI Research Ideas
- Q&A

What is the Federal Reserve (“Fed”)?

The Federal Reserve System is the **central bank of the United States**.

It includes the Board of Governors in Washington, D.C., and 12 Federal Reserve Banks around the nation.

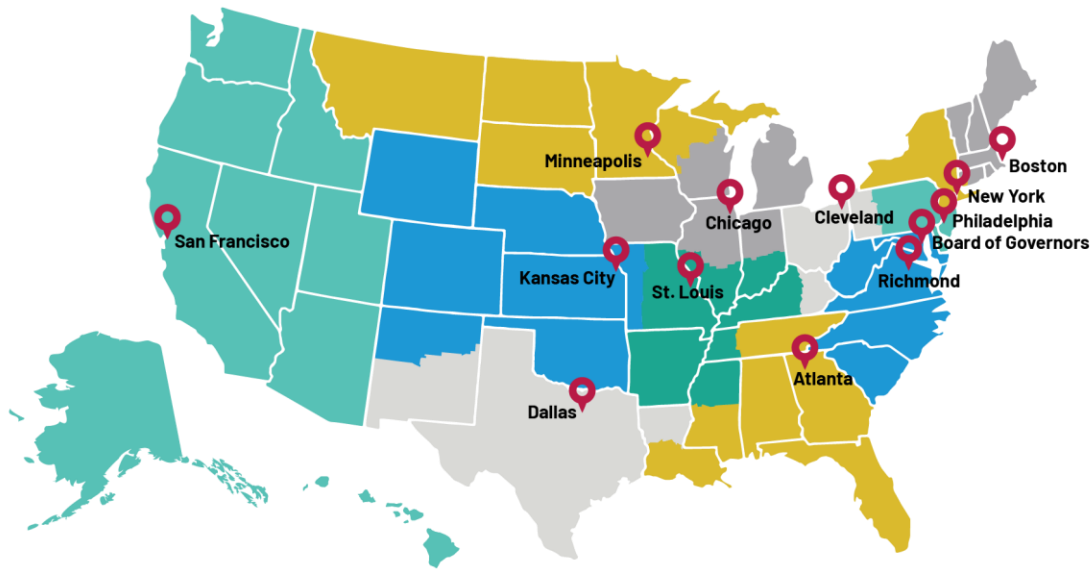
The Federal Reserve is an **independent** government agency but also one that is ultimately accountable to the public and the Congress.



Federal Reserve Act, 1913

The Federal Reserve (“The Fed”) and Indian Country

*Federal Reserve Bank of Minneapolis mission statement:
We serve the public by pursuing a growing economy and stable financial
system that work **for all of us.***



“Native nations are determined to design their own futures. I’m proud that the Center for Indian Country Development, based here at the Minneapolis Fed, informs these economic development efforts through high-quality research and analysis and events that bring experts and stakeholders together.”

—NEEL KASHKARI, PRESIDENT, FEDERAL RESERVE BANK OF MINNEAPOLIS

PRESENTATION OVERVIEW

- As part of community development function of the Federal Reserve, Center for Indian Country Development (CICD) works to advance the economic well-being of Indian Country and low-and-moderate-income communities
- These analyses, and all our work, contributes to CICD's mission to advance economic self-determination and prosperity of Native nations and Indigenous communities through actionable data and research that inform public policy discussions



CREDIT SCORES IN NATIVE AMERICAN COMMUNITIES (FORTHCOMING PAPER)

MOTIVATION & RESEARCH QUESTIONS

Why document trends in credit access in Native American communities matters?

- 48% of majority-AIAN residents live in "banking deserts" vs. 3-4% in other communities.
- Credit access enables investment, management of economic shocks and asset accumulation.

Three Main Questions

1. How have credit scores evolved in majority-AIAN communities from 2002 to 2025?
2. Are the trends driven by compositional changes or within-person improvements?
3. What credit behaviors drive these changes?

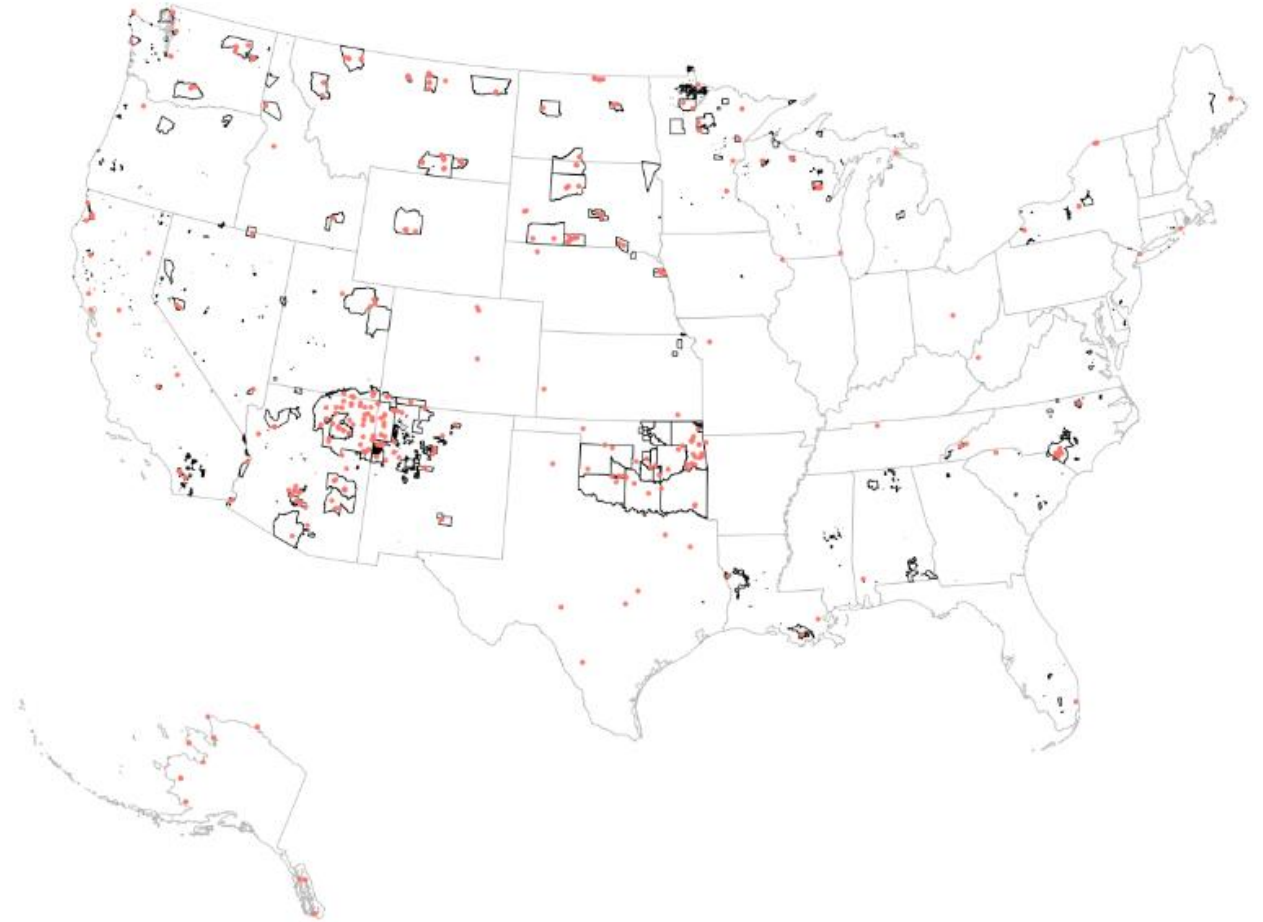
DATA & METHODS

NY Fed/Equifax Consumer Credit Panel

- 5% random sample of U.S. credit files every quarter, 2002-2025.
- Roughly 17,000 individuals/quarter in majority-AIAN areas (1.6M observations)

Identifying Native Communities

- Census blocks where AIAN adults $\geq 50\%$ of population
- 80% AIAN shares, 57% are on reservations, 76% are rural
- 653 counties stable across all census periods



CREDIT SCORES IMPROVED BUT GAPS PERSIST

2002 → 2025 Changes:

- **Majority-AIAN: 618 → 657 (+39 pts, 6.3%)**
- **Neighboring areas: 662 → 710 (+47 pts, 7.1%)**
- **Rest of U.S.: 676 → 710 (+34 pts, 5.0%)**

Distribution Shifts (Majority-AIAN):

- **Subprime (<620): 45% → 29% (-16pp, largest decline)**
- **Prime (≥720): 20% → 25% (+5pp)**

Key Finding: Faster than national growth, but **53-point gap persists**

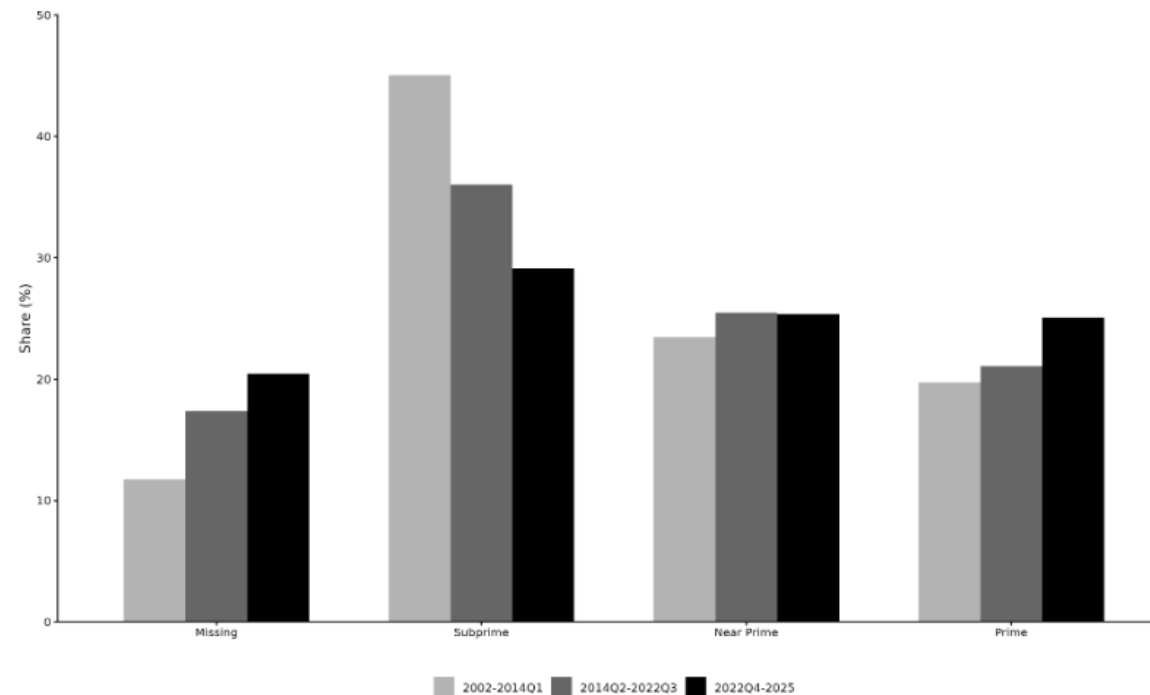


Figure 4: Changes to the Credit Score Distribution: Majority-AIAN Communities

ON-RESERVATION COMMUNITIES CONVERGED

Credit Score Gap Narrowed:

- 2002: **47-point gap** (594 on-rez vs. 641 off-rez)
- 2025: **32-point gap** (641 on-rez vs. 673 off-rez)

Despite persistent banking deserts!

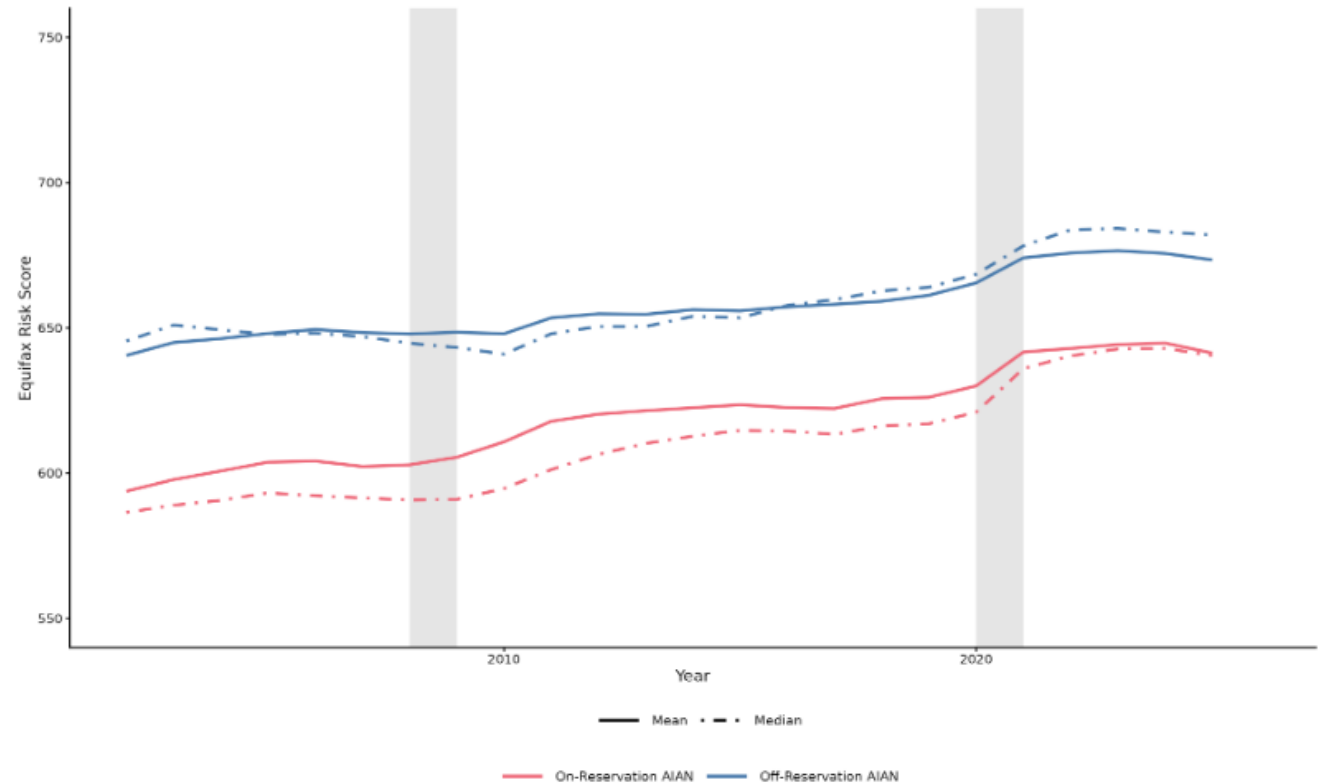


Figure 3: Credit Scores within Majority-AIAN Communities, by Reservation Status

WHAT EXPLAINS THE 39-POINT IMPROVEMENT?

Decomposition of 39-Point Gain:

- **Within-Age Improvements: 30 points (76%)**
- Individual upward mobility
- Cohort effects
- **Population Aging: 9 points (24%)**
- **Migration Impact: <1%** (only -0.91 to +0.08 points)

Conclusion: Real creditworthiness gains, not demographics or selection

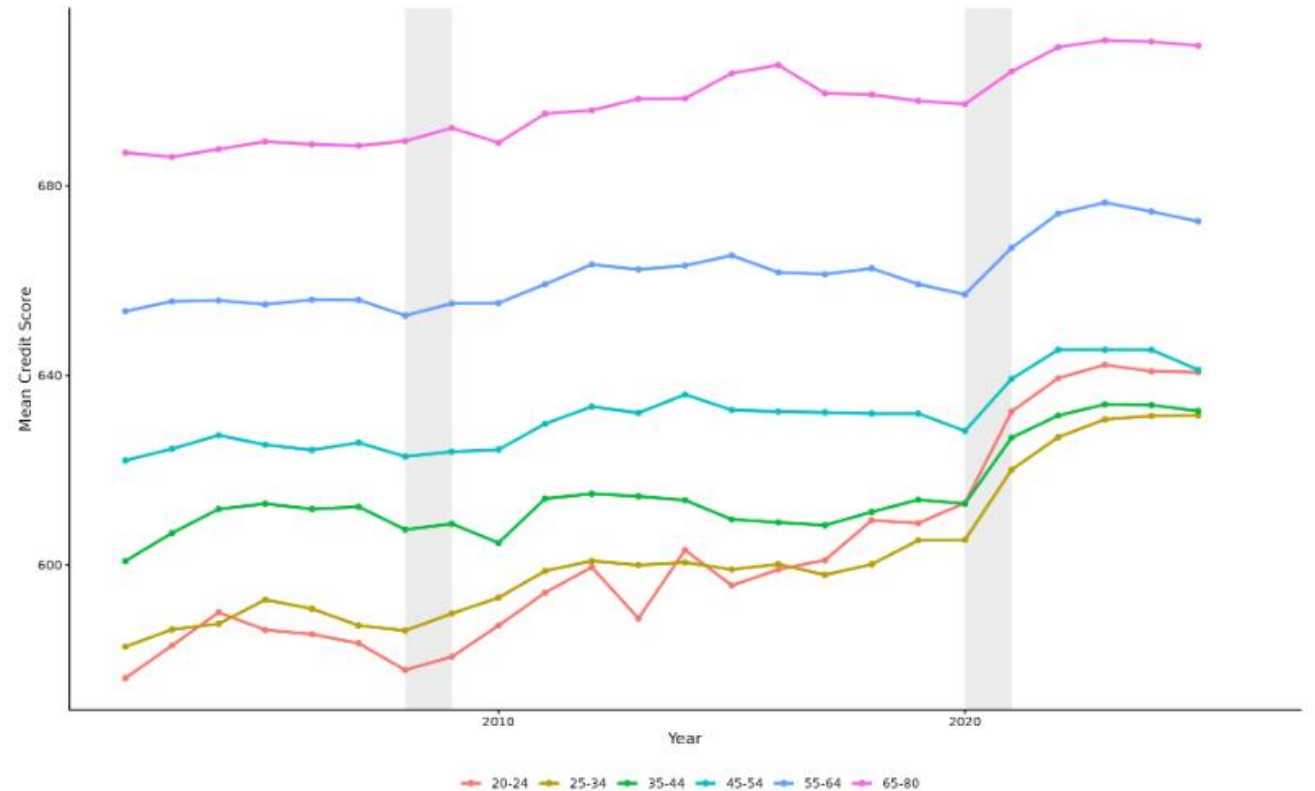


Figure 5: Credit Scores Improved Within Each Age Group, 2002-2022

YOUNGER COHORTS ENTER WITH HIGHER SCORES

Credit Scores at Age 30:

- 1965-74 cohort: 590
- 1975-84 cohort: 596
- 1985-94 cohort: 613
- 1995-2004 cohort: 631

41-point improvement across generations!

Suggests lasting impact of early interventions (financial education, credit-building products)

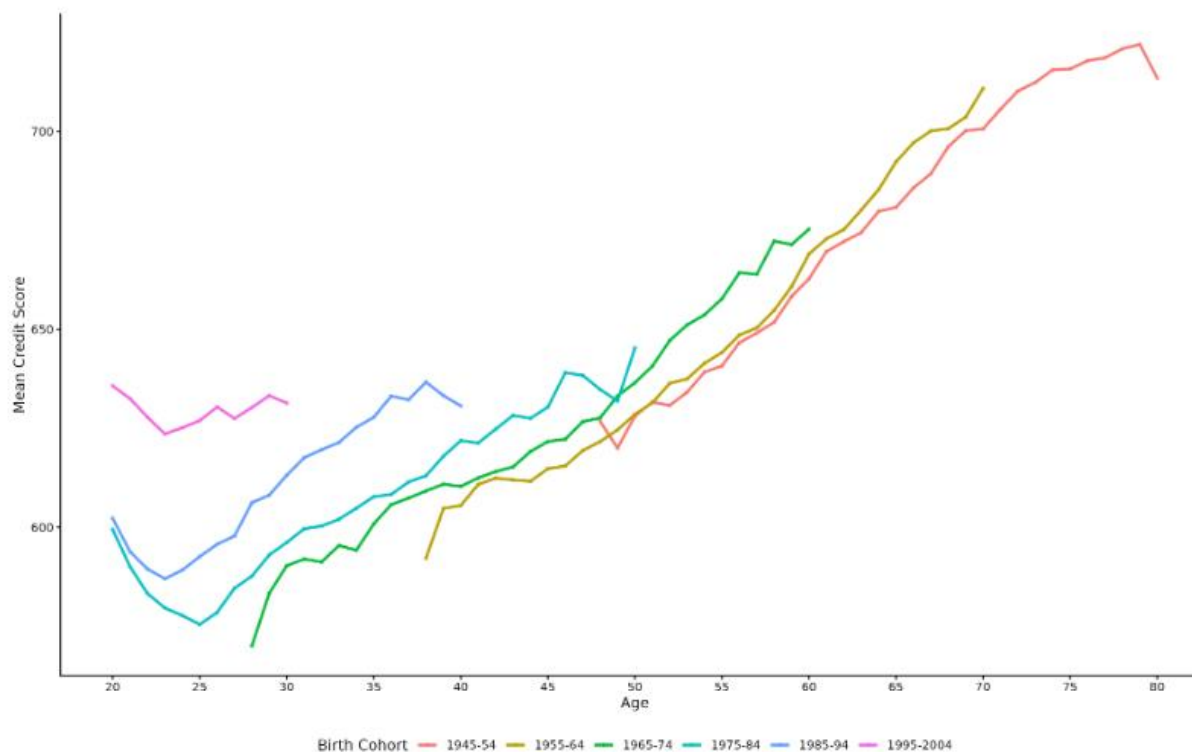


Figure 6: Credit Scores in Majority-AIAN Communities by Birth Cohorts

DRIVEN BY UTILIZATION, NOT PAYMENT HISTORY

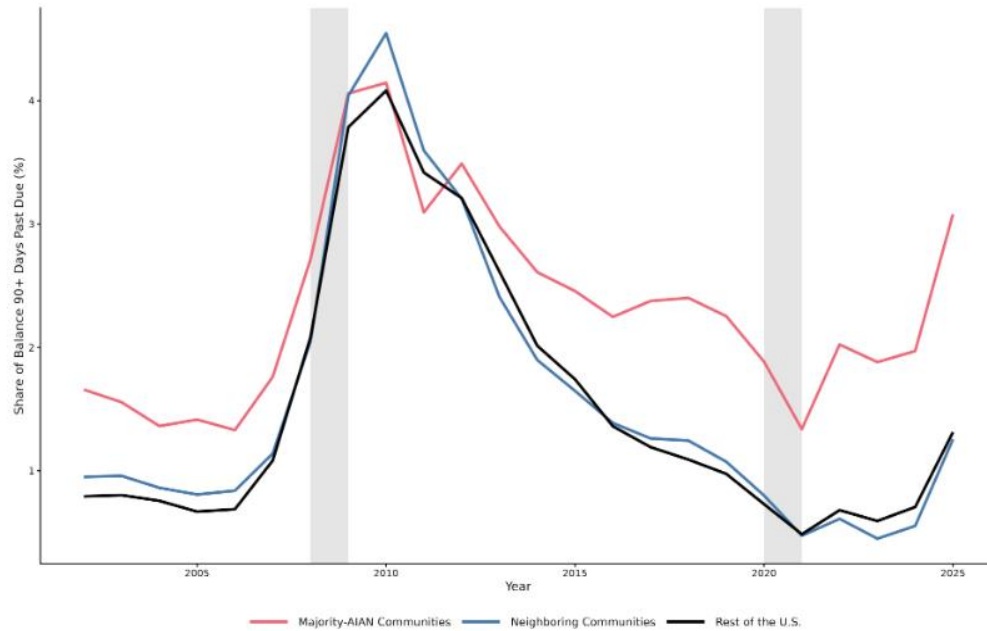


Figure 7: Delinquency Rates, 2002–2025

Payment History Worsened [Figure 7: Delinquency Rates]

- Debt 90+ days past due: 1.7% → 3.1%
- On-reservation: 3.3% → 5.0%

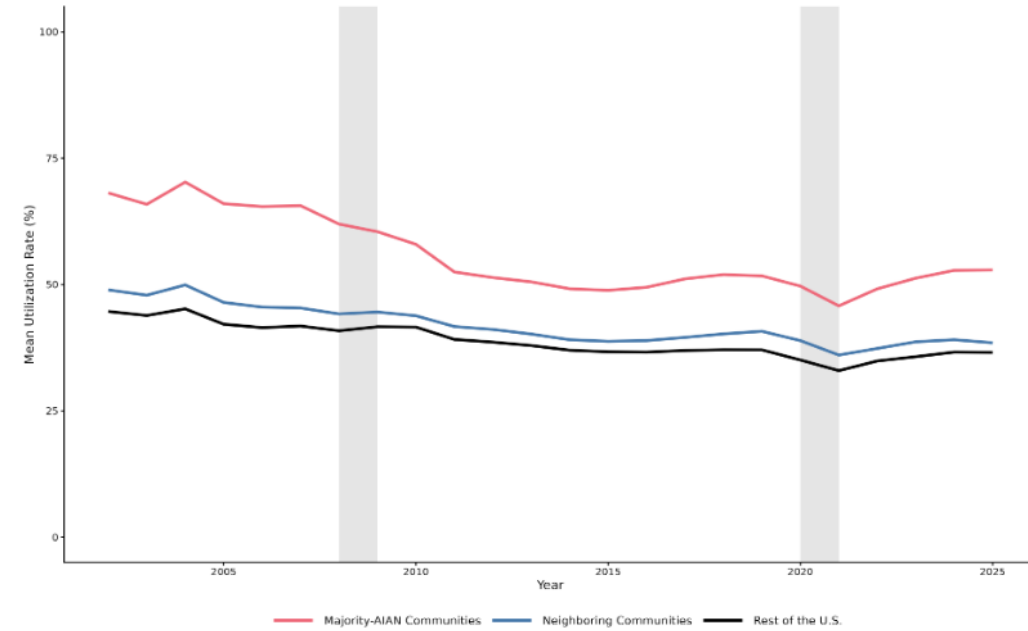


Figure 8: Credit Card Utilization Rates, 2002–2025

Credit Utilization Improved [Figure 8: Utilization Rates]

- Card utilization: 68% → 53% (-15pp)
- Largest decline among all groups

Key Insight: Credit supply expansion, not improved financial stability

ON-RESERVATION UTILIZATION GAINS TELL THE STORY



Figure 11: Credit Card Utilization Rates by Reservation Status, 2002–2025

Utilization Reduction:

- On-rez: 83% → 58% (-24.3pp)
- Off-rez: 56% → 46% (-9.3pp)

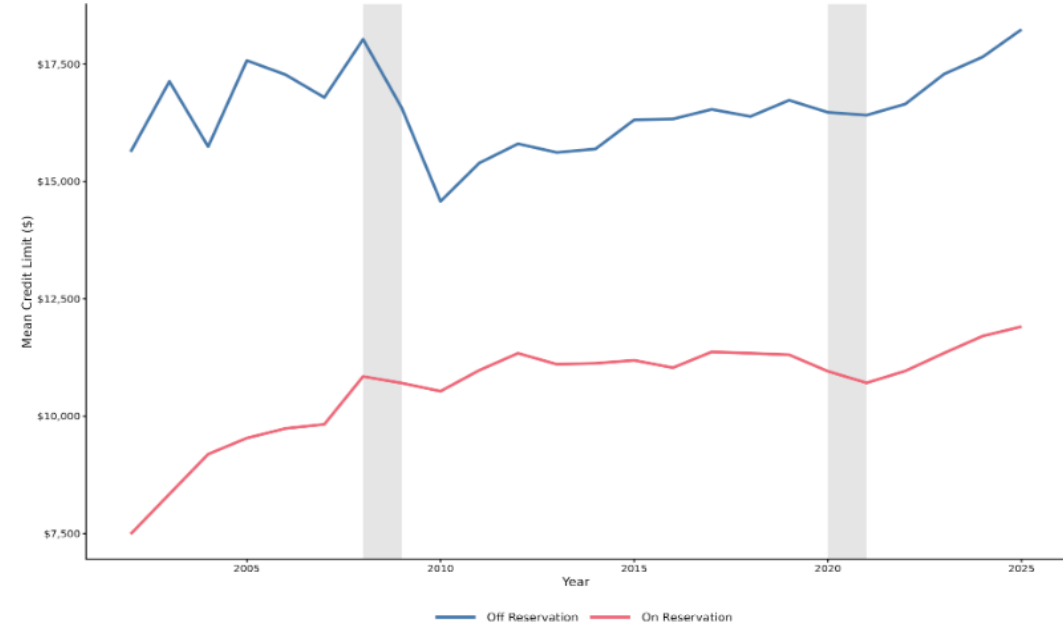


Figure 12: Credit Card Limits by Reservation Status, 2002–2025

Credit Limit Growth:

- On-rez: +\$4,647 (+63%)
- Off-rez: +\$2,942 (+19%)

CONCLUSIONS & POLICY IMPLICATIONS

Key Findings:

- ✓ 39-point improvement; on-reservation convergence
- ✓ Driven by within-age gains (76%) and cohort effects
- ✓ Credit supply expansion reduced utilization
- X But 53-point gap persists; 29% still subprime

Policy Lessons:

- **What works:** Alternative financial institutions, supporting younger cohorts
- **What's needed:** Credit file creation (20% unscored), income/liquidity support

Caution: Rising delinquencies suggest income constraints persist

Bottom Line: Meaningful progress, but credit access ≠ financial stability



NCDFI LOAN FUNDS' FINANCIALS – INSIGHTS FROM IRS FORMS 990 DATA (FORTHCOMING ARTICLE)

OUR SAMPLE

- We matched the CDFI Fund certification list of 1/13/2026 to IRS Forms 990 data from 2012 to 2024
- The universe of certified CDFIs and our data

Institution type	Universe		Our sample	
	NCDFI	Non-NCDFI	NCDFI	Non-NCDFI
Loan funds	52	521	42	435
Credit unions	7	439		
Banks/thrifts/BHC	7	344		

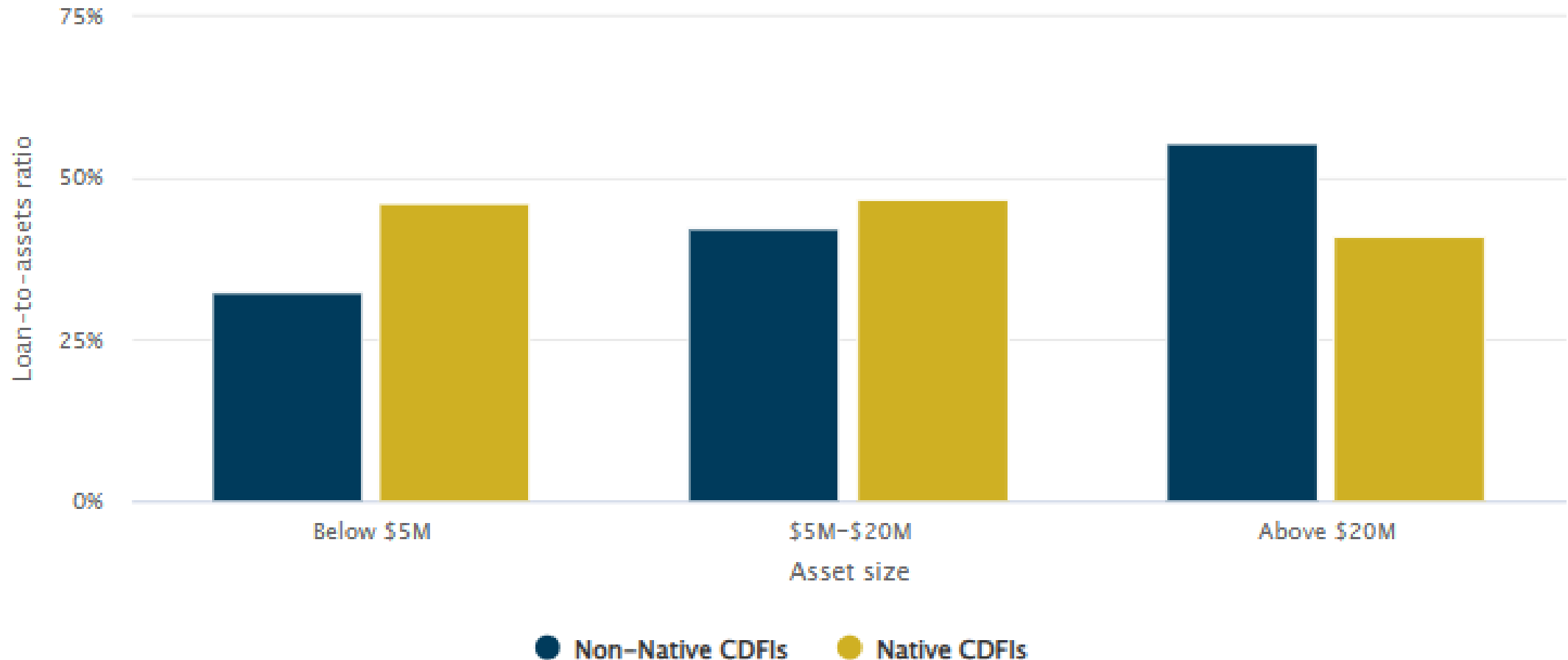
- Our sample therefore comprises 81% of the population of certified NCDFI loan funds and 83% of the population of certified non-NCDFI loan funds.

CHARACTERISTICS OF LOAN FUNDS IN OUR SAMPLE

	NCDFI	Non-NCDFI
Average number of employees	8	23
Average age	22	32
Average portfolio size	4,768,545	31,269,257
Average total asset	8,943,475	44,024,400
Average total expenses	1,870,749	4,955,472
Average total revenues	2,661,644	6,494,970

Native CDFIs with assets below \$20 million have higher loan-to-assets ratios than non-Native CDFIs

Twelve-year mean loan-to-assets ratio (2012 to 2024)

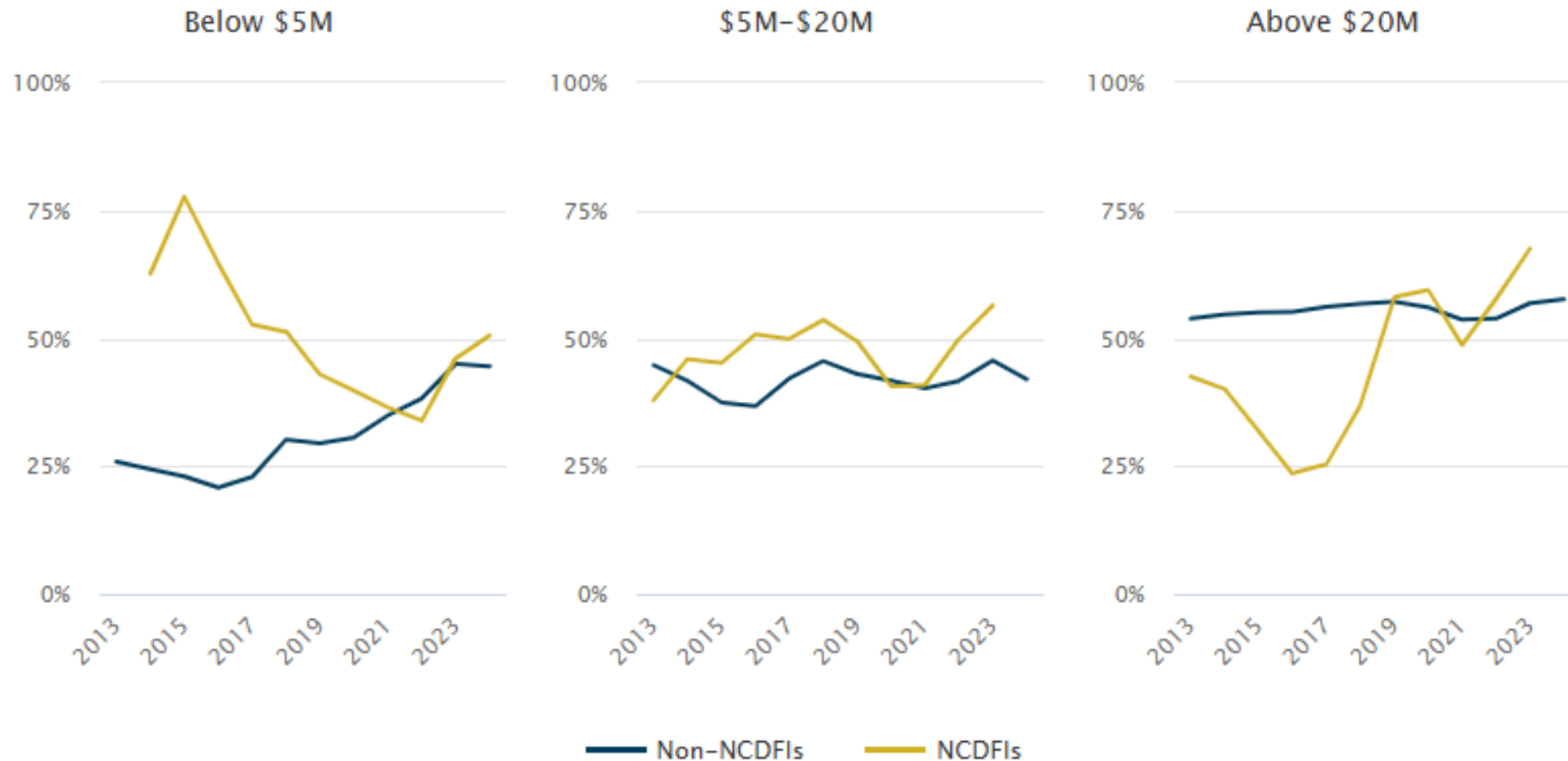


Note: Calculations based on a sample of 40 Native Community Development Financial Institutions (CDFIs) and 402 non-Native CDFIs that filed IRS Form 990 for at least one of the years from 2012 through 2024. Asset size is based on the CDFI's total assets in 2023. The loan-to-assets ratio is the institution's proportion of total assets that are allocated to loans.

Source: IRS Form 990 data compiled by the Nonprofit Open Data Collective.

Higher loan-to-asset ratios reflect NCDFIs' "leave no client behind" approach

Two-year rolling average of the loan to asset ratio



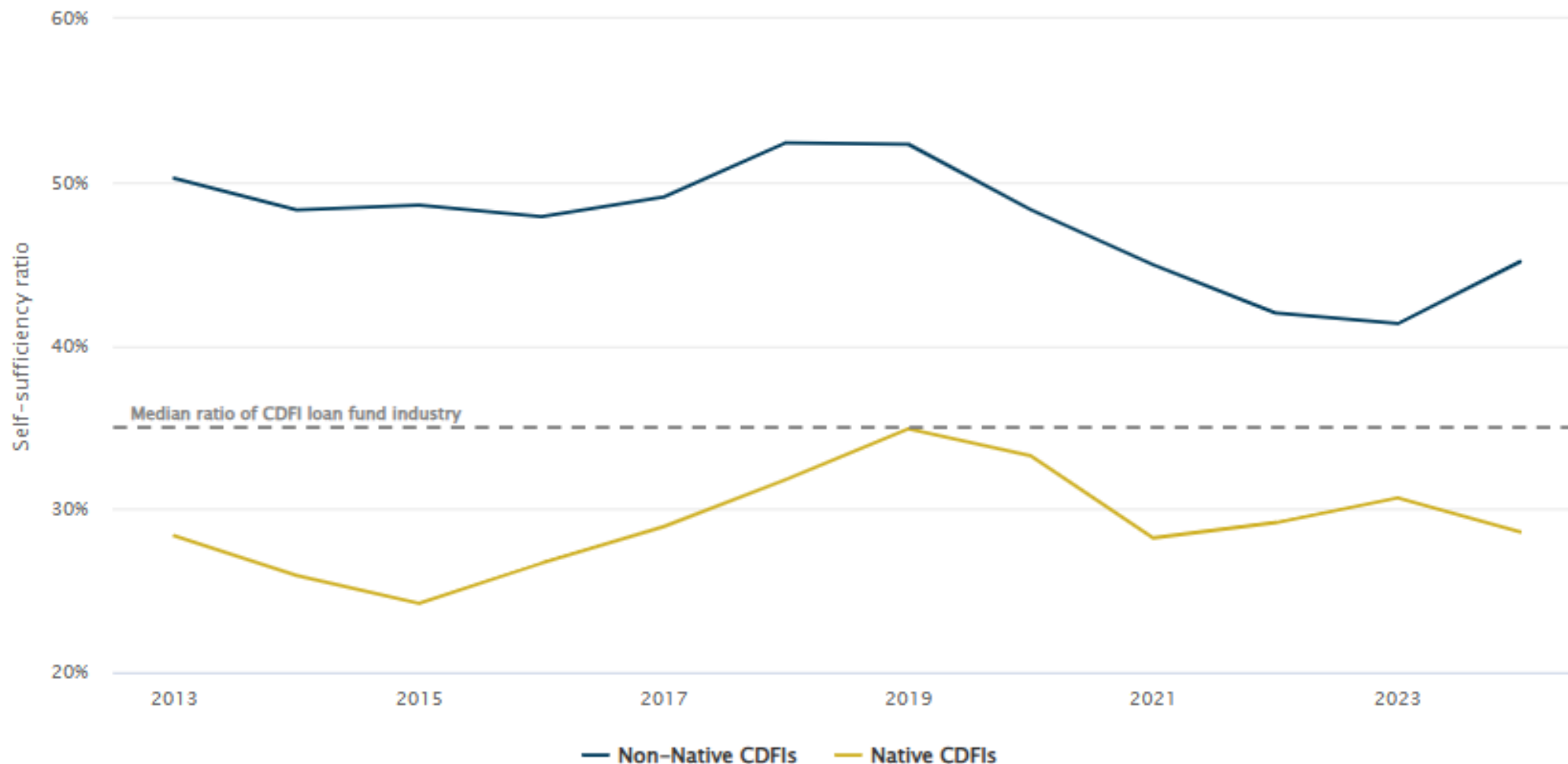
Note: Calculations based on a sample of 40 Native Community Development Financial Institutions (NCDFIs) and 402 non-NCDFIs that filed IRS 990 forms from 2012 to 2024. Asset size is based on the total assets in 2023. Rolling averages calculated using current and previous year data. The loan to asset ratio is the institution's proportion of total assets that are allocated to loans.

Source: IRS 990 Data compiled by the Nonprofit Open Data Collective.

Native CDFI loan funds operate below self-sufficiency standard while non-Native CDFIs exceed it



Two-year rolling average of median self-sufficiency ratios

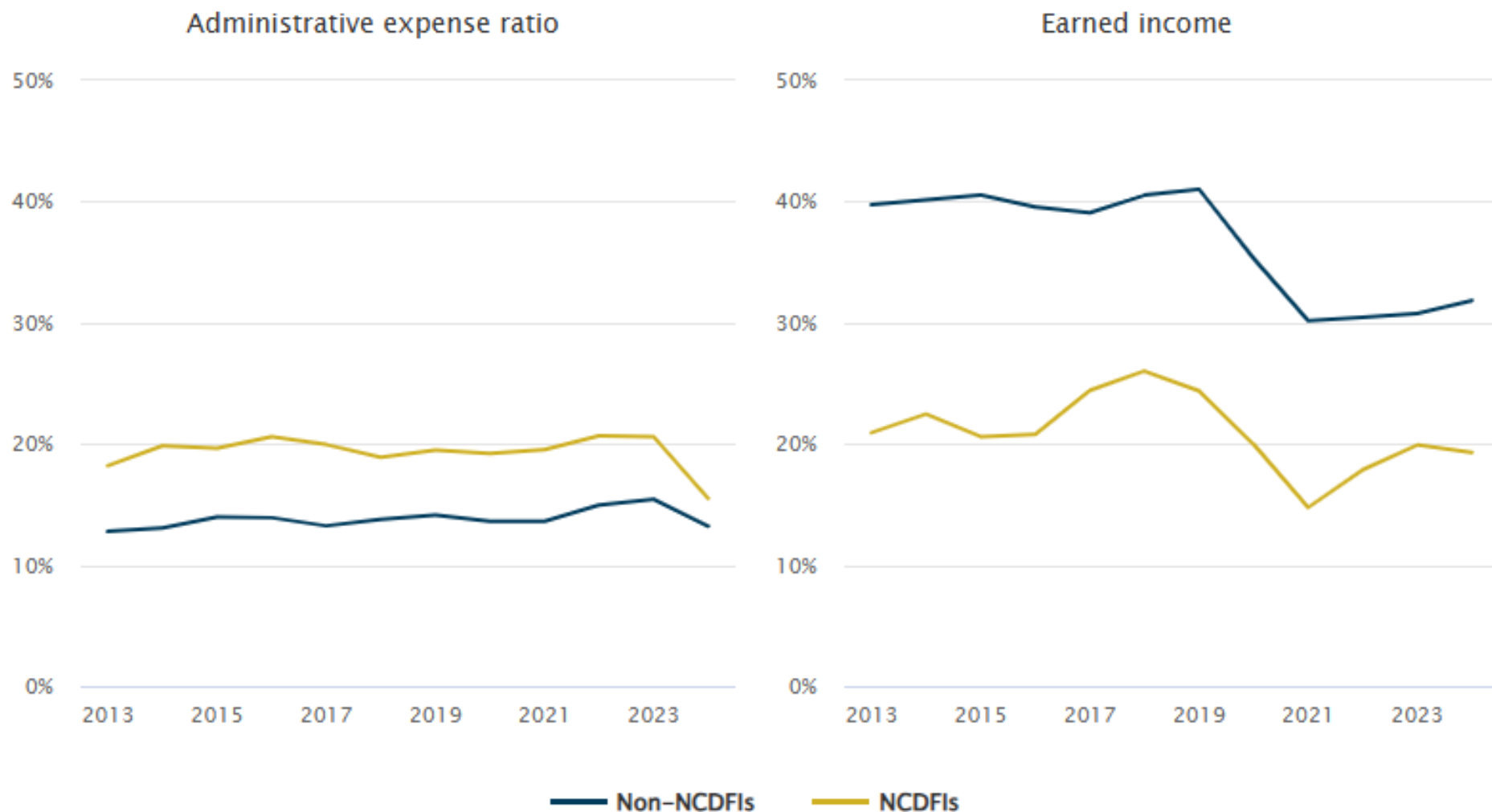


Note: Calculations based on a sample of 42 Native CDFIs and 435 non-Native CDFIs that filed IRS Form 990 for at least one of the years from 2012 through 2024. Rolling averages are calculated using current and previous year data. The self-sufficiency ratio is calculated as non-contribution revenue (total revenue minus total contributions) divided by total functional expenses.

Source: IRS Form 990 data compiled by the Nonprofit Open Data Collective.

NCDFIs face higher administrative expenses and lower earned income

Two-year rolling average of median administrative expenses and earned income ratios

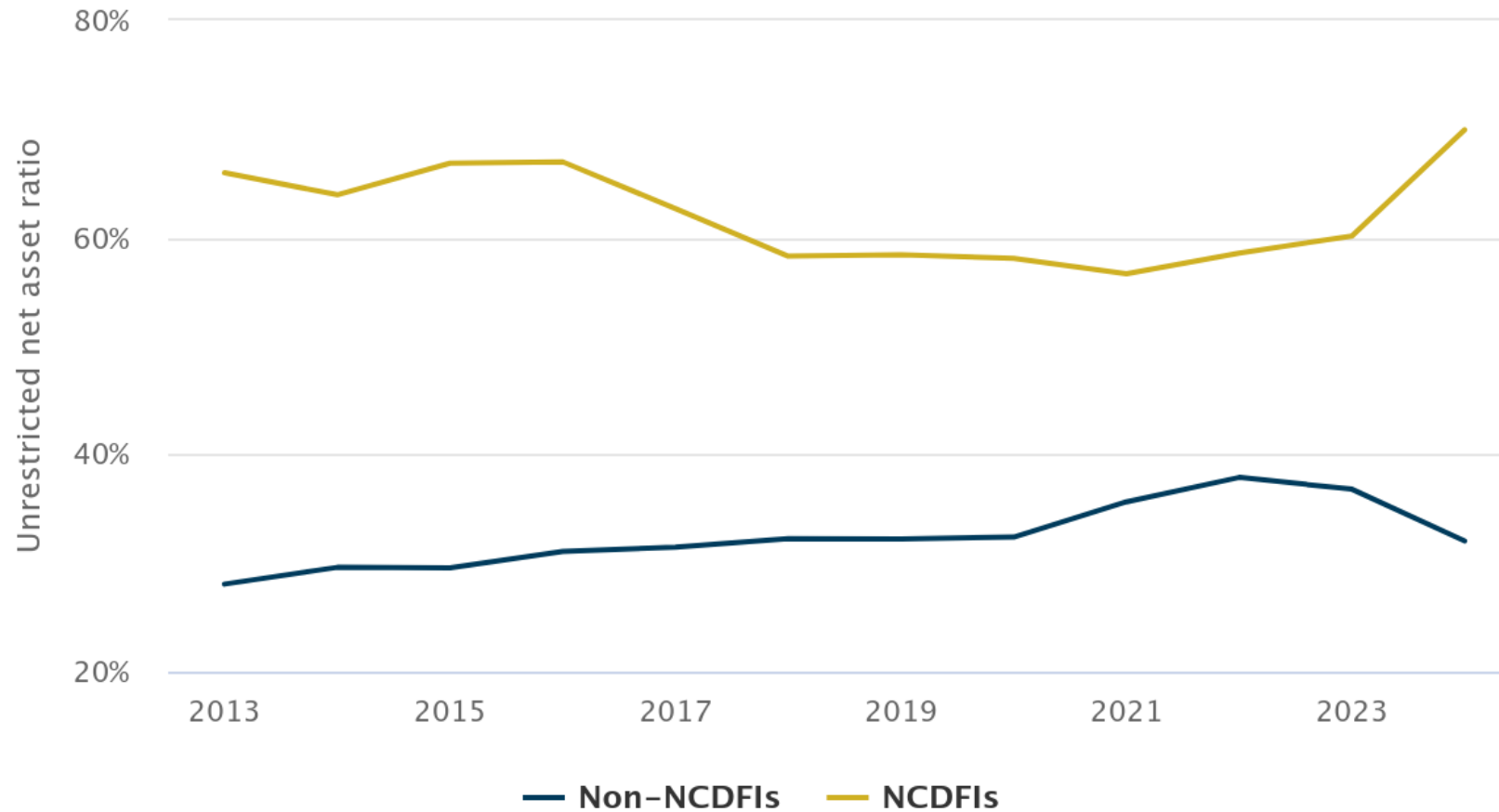


Note: Calculations based on a sample of 40 Native Community Development Financial Institutions (NCDFIs) and 402 non-NCDFIs that filed IRS 990 forms from 2012 to 2024. Rolling averages calculated using current and previous year data. The administrative expense ratio is the institution's management and general expenses divided by the total expenses, and the earned income ratio is the earned income divided by total revenue.

Source: IRS 990 Data compiled by the Nonprofit Open Data Collective.

NCDFIs demonstrate higher unrestricted net asset ratios than non-NCDFIs

Two-year rolling average of median unrestricted net asset ratio



Note: Calculations based on a sample of 42 Native Community Development Financial Institutions (NCDFIs) and 435 non-NCDFIs that filed IRS 990 forms each year from 2012 to 2024. Rolling averages calculated using current and previous year data. The unrestricted net assets ratio is the end of year net assets (without donor restrictions) divided by the total end of your assets.

Source: IRS 990 Data compiled by the Nonprofit Open Data Collective.

NATIVE CDFI RESEARCH QUESTIONS

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Photo by Jaida Grey Eagle



Thank you!



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