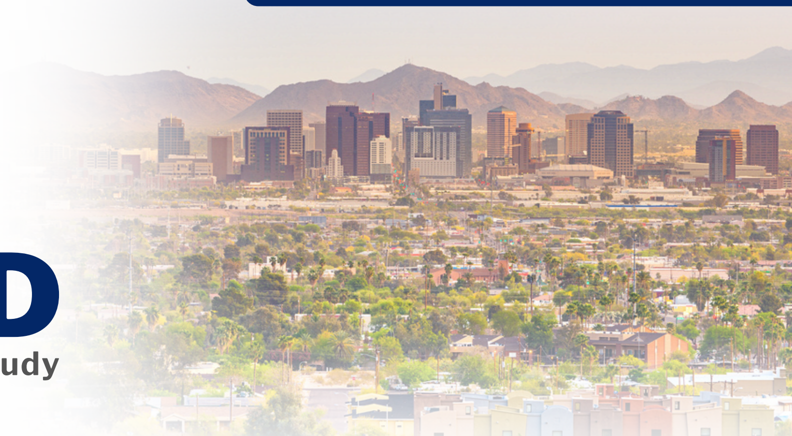
ARIZONA
CDFI NETWORK

CAPITAL REIMAGINED

Arizona Community Finance Landscape Study



Arizona's Economy is Growing Faster Than It's Capital Infrastructure.

Arizona ranks among the nation's fastest-growing states, yet receives less than half the national average of CDFI lending per capita. Early findings suggest Arizona's community finance infrastructure has not kept pace with the state's growth despite strong performance from local community lenders.

9th
In population growth since 2010

42nd
In CDFI lending per capita
(nationwide)

11 of 15
Arizona counties are CDFI Deserts
(8th highest in U.S.)

10%
Of AZ CDFI borrowed capital comes from banks
(34% national average)

EARLY INSIGHTS

1 High Growth. Low Access.

- Arizona ranks 9th in population growth since 2010.
- Nearly half (46.6%) of Arizona residents are people of color.
- Arizona ranks 42nd in CDFI lending per capita.
- Only 3% of capital received by business lending CDFIs and only 10% of all loan funds come from banks.

2 Arizona CDFIs Are Performing At or Above.

- Arizona CDFIs are deploying capital at a higher rate than their peers nationally.
- Strong self-sufficiency and balance sheet performance.
- Arizona CDFI Network members have delivered **over 90% of the state's mission-driven small business lending during the past five years.**

3 Arizona Has a Capital Gap, Not a Capacity Gap.

$200M

Additional lending capacity if Arizona CDFIs received bank investment at national peer levels.

2x

Arizona CDFIs are paying 2x more for capital than the national average.

WHAT WE ARE HEARING

Across focus groups and stakeholder interviews, a few key themes emerged.

The Arizona Community Lending Ecosystem is considered somewhat fragmented. There is **progress towards cohesion, but lender access to capital limits collaboration.**

There is a **general lack of knowledge of how community lending and community lenders impact** Arizona's economy.

There is a **disconnect between access to capital and minority, Native, rural, and border area entrepreneurs.**

Many entrepreneurs are not loan ready but **accessing quality financial education services can be difficult.**

Many **prospective homeowners lack access to sufficient capital** for an increasingly limited affordable housing market.

> "Over the last year or so, we've gained a lot of traction on the importance of CDFIs and how to support them. Before that, from state and local [perspectives], they saw it as competing against each other rather than collaborative."
>
> **-Focus Group Participant**

> "They (MCAs) call or e-mail at the right time, like when payroll's due next week [the process] was really very quick... Funding can be within 24, 48 hours and, once your loan is almost paid off, you get more capital... I was familiar with APR and even the terms, but when they called [and I was in] a state of desperation, what else am I going to do? I knew the terms were awful, like doing payday loans."
>
> **-Focus Group Participant**

Why This Matters

Arizona's capital gap represents missed opportunities for small business growth, job creation, homeownership, and wealth-building. Closing that gap is one of Arizona's greatest opportunities to unlock economic potential, strengthen communities, and ensure the state's growth is matched by investment in the people, businesses, and places driving its future.

Full Report Coming Later This Year

This work is presented in partnership with

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