

Findings from Analysis of Nationwide Summary Statistics for 2023 Community Reinvestment Act Data Fact Sheet

This analysis is based on 2023 data compiled by the three Federal banking agency members of the Federal Financial Institutions Examination Council (FFIEC) with Community Reinvestment Act (CRA) responsibilities — the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. This analysis was conducted using data compiled for financial institutions reporting under the CRA regulations.

Background

The CRA¹ was enacted by Congress in 1977 and is designed to encourage regulated financial institutions to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations. Depository institutions with total assets that meet a certain threshold are required to collect and report data regarding their small business and small farm lending and community development lending. The mandatory reporting threshold adjusts annually based on changes to the Consumer Price Index for Urban Wage Earners and Clerical Workers and for 2023 was \$1.503 billion.²

The small business and small farm lending data reported under the CRA regulations provide useful information about such lending, but they are less comprehensive than the data reported on home mortgage lending under the Home Mortgage Disclosure Act. For example, the CRA data:

- include information on loans originated or purchased, but not on applications for loans that were not originated;
- indicate whether a loan is extended to a borrower with annual revenues of \$1 million or less, but the data do not identify a borrower's annual revenues with any greater precision, nor do they include demographic information about the borrower; and
- are aggregated into three categories based on loan size and reported at the census tract level, rather than loan-by-loan.

Certain considerations should be taken into account when reviewing and interpreting the CRA data. For example, depository institutions are asked to report the geographic location of the loan. If the proceeds of a small business loan are used in more than one location, the institution can record the loan location as either the address of the borrower's business

¹ 12 U.S.C. 2901 *et seq.* The CRA is implemented by the OCC in 12 CFR part 25, the Board in 12 CFR part 228 (Regulation BB), and the FDIC in 12 CFR part 345.

² <https://www.ffiec.gov/cra/reporter23.htm>

headquarters or the location where the greatest portion of the proceeds are applied, as indicated by the borrower. However, these locations may have different socioeconomic characteristics.

Further, although the CRA data provide information on extensions of credit in a geographic area, they do not indicate the amount or nature of the overall demand for credit in that area. Consequently, caution should be used in drawing conclusions from analyses using only CRA data, as differences in loan volume across areas may reflect differences in local demand for credit. Indeed, CRA performance assessments by the supervisory agencies focus on evaluating the volume and distribution of lending in the context of local credit needs.

Finally, the CRA small business and small farm lending data reported each year cover only a portion of the credit extended to small businesses and small farms. Depository institutions that do not report CRA data and nonbank financial institutions not covered by the CRA, such as commercial finance companies, also extend such loans.

General Description of the 2023 CRA Small Business and Small Farm Loan Data

For 2023, a total of 721 lenders reported data about originations and purchases of small loans (loans with original amounts of \$1 million or less) to businesses and farms, representing a 1.4 percent increase from the 711 lenders reporting data for 2022 (see [Table 1](#)).³ Of the 721 institutions reporting 2023 data, 73 had assets below the mandatory reporting threshold and reported either voluntarily or because they elected to be evaluated as a “large” institution during CRA examinations.

Small business and small farm lending reported in the CRA data covers a significant share of all small business and small farm lending by depository institutions. Analysis of data from Consolidated Reports of Condition and Income submitted by depository institutions indicates that CRA reporters account for about 76.9 percent of small business loans outstanding (by dollars) and about 35.2 percent of small farm loans outstanding (by dollars) at depository institutions (see [Table 1](#)). Larger institutions account for most of the reported lending. During 2023, financial institutions with assets of \$1.503 billion or more (as of December 31, 2022) accounted for 99.3 percent (by dollars) of reported small

³ For the purposes of this table, reporters with assets of less than \$250 million are categorized as ‘small’; reporters with assets at or above the CRA reporting asset threshold for the given year (see <http://www.ffiec.gov/cra/reporter.htm>) are categorized as ‘large’; and the remainder of reporting institutions are categorized as ‘medium’. As a consequence of amendments to the CRA regulations, beginning in September 2005, banking institutions with assets below the mandatory reporting threshold (and, beginning in October 2004, savings associations with assets below that threshold) are not required to collect or report data on their small business or small farm lending. However, institutions with assets below the mandatory reporting threshold may voluntarily collect and report such information. In addition, depository institutions must report the information if they elect to be evaluated as “large” institutions during CRA examinations.

business loan originations (see [Table 3](#)). The very largest institutions – 153 reporters with assets of \$10 billion or more – accounted for about 73.8 percent of CRA reported small business loans originated in 2023 (by dollars, not shown in tables).

In the aggregate, about 8.4 million small business loans (originations and purchases) totaling nearly \$261.7 billion were reported in 2023 (see [Table 1](#)). The total number of loans (including purchases) decreased by 5.2 percent, while the number of loans originated decreased by 5.1 percent relative to 2022. The dollar amount of small business loans originated decreased by 8.9 percent. Regarding small farm loans, the number of originations decreased by about 5.6 percent and the dollar amount decreased by 5.2 percent in 2023 from 2022. The decrease in lending is likely due, at least in part, to rising interest rates and tighter lending standards.

The CRA data provide information about the size of small business and small farm loans. For small business loans, the maximum loan size reported is \$1 million; for small farm loans, the maximum is \$500,000. Measured by number of loan originations, about 94.9 percent of the small business loans and 80.2 percent of the small farm loans originated in 2023 were for amounts under \$100,000 (see [Table 2](#)). The distribution differs for the dollar amount of loans originated; about 43.0 percent of the small business loan dollars and about 28.3 percent of the small farm loan dollars were extended through loans of less than \$100,000 (see [Table 2](#)).

Loans to Smaller Businesses and Farms

The CRA data include information about loans to businesses or farms with revenues of \$1 million or less. Overall, 54.8 percent of the number of reported small business loan originations (34.7 percent measured by dollar amount of loans) and 58.1 percent of the number of reported small farm loan originations (about 62.0 percent measured by dollar amount of loans) were extended to firms with revenues of \$1 million or less (see [Table 2](#)).

The Geographic Distribution of Small Business and Small Farm Lending

The availability of information about the geographic location of businesses and farms receiving credit provides an opportunity to examine the distribution of small business and small farm lending across areas grouped by socioeconomic and demographic characteristics. Information on the distribution of businesses and population provides some context within which to view these distributions.

CRA performance assessments include an analysis of the distribution of small business and small farm loans (of all types) across census tracts grouped into four relative income categories: low-, moderate-, middle-, and upper-income.⁴ Overall, the distribution of the

⁴ For purposes of the regulations, a low-income census tract has a median family income that is less than 50 percent of the median family income for the broader area (the metropolitan area containing the tract or the entire non-metropolitan area of the state); a moderate-income census tract, 50 percent to less than 80 percent; a middle-income census tract, 80 percent to less than 120 percent; and an upper-income census tract, 120 percent

number (see [Table 4.1](#)) and the dollar amounts (see [Table 4.2](#)) of small business loans across these categories largely parallels the distribution of population and businesses across these four income groups, although lending activity in upper-income areas exceeds the share of businesses and population in such areas.⁵ For example, low-income census tracts include about 5.7 and 4.5 percent of the population and businesses respectively, and accounted for about 4.2 percent of the number and 4.6 percent of the total dollar amount of small business loans in 2023.⁶ Upper-income census tracts include about 29.1 percent of the population and about 35.1 percent of businesses, and had about 38.4 percent of the number and 37.2 percent of the total dollar amount of small business loans in 2023. The share of reported loans by dollar amount going to upper income tracts has been similar in previous years.

Analysis of the CRA data shows that small business loans are heavily concentrated in metropolitan areas (which are composed of principal cities and suburban areas), as are the bulk of the U.S. population and businesses (see [Table 4.1](#) and [Table 4.2](#)). The majority of small farm loans were extended to farms located in rural (nonmetropolitan) areas (see [Table 4.3](#) and [Table 4.4](#)).

Community Development Lending

Institutions reporting CRA data report the number and dollar amount of their community development loans. Among the 721 institutions reporting for 2023, 639 institutions reported community development lending activity (see [Table 5](#)). As in previous years, in 2023 lenders with assets that met or exceeded the mandatory reporting threshold (\$1.503 billion in 2023) extended the vast majority of reported community development loans. Overall, lenders over the reporting threshold reported a combined total of over \$126 billion in community development loans in 2023, a 16 percent decrease from the amount reported in 2022.

or more. Data regarding census tract income categories are derived from the 2016-2020 American Community Survey. For more information refer to <http://www.census.gov/acs/>.

⁵ Beginning in 1998, institutions filing CRA data were allowed to report that the census tract location of a firm or farm receiving a loan was unknown. For 2023, about 1 percent of the reported small business loans by both number and dollar amount included such a designation.

⁶ Data on the share of population across census tract income categories are derived from the 2016-2020 American Community Survey. Data on the share of businesses across census tract income categories are derived from information from Dun and Bradstreet files of businesses. Calculations exclude agricultural-related firms.