

**Andy Anderson, CEO & President
Bank of Anguilla, Anguilla, Mississippi
Submitted Testimony to the
Senate Committee on Appropriations
Subcommittee on Financial Services and General Government
June 23, 2021**

Good afternoon. My name is Andy Anderson. I am the CEO and President of Bank of Anguilla based in Anguilla, Mississippi. I am also the Chairman of the Mississippi Bankers Association and a board member for the Community Development Bankers Association. Mississippi is home to the largest concentration of CDFI banks in the country. Thus, the Treasury Department's CDFI Fund is extremely important to my bank, the communities we serve, and my entire state. I appreciate the opportunity to testify on this topic today.

I thank the members of this Subcommittee for their long-standing support of the CDFI Fund and for providing 270 million dollars last year in recognition of the important role CDFIs play in promoting economic opportunity in underserved communities. As you consider your next appropriation, I strongly urge you to increase overall support for the CDFI Fund and particularly for the Bank Enterprise Award (BEA) Program.

Bank of Anguilla has \$171 million in total assets and is the only financial institution in two persistent poverty counties that are among the most economically distressed places in the nation. Established in 1904, helping our neighbors and providing a pathway to financial stability is core to the purpose of the Bank of Anguilla.

Many people do not grasp all the challenges that rural communities like the ones we serve face. Our counties have a combined 2019 population of 5,648, of which 33.6% live in poverty and 69% are African American.¹ The median household income is \$24,208. There are no traffic lights, major retailers or national chain restaurants in either county. There is no broadband internet. It's an hour drive to shop at a Walmart or visit a clothing or department store – which creates challenges for citizens that do not own a vehicle. New home construction is non-existent and existing housing quality is often poor as the cost for renovation often exceeds market value.

Many of our neighbors struggle to make a utility payment, put food on the table, or buy school books or clothes for their children. CDFI banks like mine help these struggling individuals meet these challenges. 51% of the bank's current loans are consumer loans made to local residents. We have no minimum loan amount and roughly 10% of our total current loans have an original balance of less than \$2,500. I estimate that at least 75% of these small dollar loans are made to minority borrowers.

Like all CDFIs, at least 60% of our lending and activities target LMI communities. With solid underwriting practices, civic pride, and mission driven empathy, CDFI banks -- like the Bank of Anguilla -- bridge the gap for financially vulnerable customers.

¹ [U.S. Census Bureau Quick Facts](#).

Over the past decade, the CDFI Fund has played a critical role in Bank of Anguilla's ability to serve our communities and remain a locally controlled institution. Since 2010, Bank of Anguilla has received nine BEA awards totaling \$1.7 million. BEA has the strongest demand among the CDFI Fund programs and is far oversubscribed compared to other programs. In 2020, only \$1 in BEA funding was available for every \$5.68 in requests.² Given the benefit generated by the BEA Program it is critical to increase funding. Since 2016 the number of CDFI banks increased by 48%. Yet, BEA funding increased from only \$18.2 million to \$25.2 million during that same period. More BEA funding is needed to help CDFI banks continue doing their good work.

Through the financial benefits of the BEA program, Bank of Anguilla is able to make commercial loans to small minority businesses and consumer loans to individuals that need financial help. Most financial institutions would decline these requests. We recently made two loans with the help of a local agency's Minority Business Enterprise Loan program to help a minority owner purchase an established restaurant and made another loan to establish a minority owned physical therapy clinic, the only independent physical therapy clinic in the county. We also just financed the opening of a new minority owned restaurant. We support our local rural hospital where approximately 85% of the patients are minority with loans to help it continue to operate. I could spend hours telling you of the small dollar loans we have made to help those in need and how we have invested through mission work in our community. The BEA helps make all of this possible by giving us some flexibility in our underwriting, which allows us to absorb some risks that would otherwise be problematic.

Demand for all the CDFI Fund Programs far exceeds funding available. I urge the members of the subcommittee to recognize the significant economic benefits of funding the CDFI Fund programs. Not only do these programs provide access to credit in historically disadvantaged regions of the country, but they do so by leveraging private investment.

I urge this subcommittee to support CDFI Fund Programs by:

- Providing a robust budget for the CDFI Fund, and include an extremely robust increase for the Bank Enterprise Award Program.
- Acknowledging the important role CDFIs play in ensuring the long-term, sustained economic recovery of low income and minority communities; and
- Recognizing that a relatively small amount of federal funds can generate outsized impact in local communities like the counties my bank serves.

I thank Chairman Van Hollen, Ranking Member Hyde-Smith, and the members of the Committee for the opportunity to tell you the story of Bank of Anguilla, the work we do, and the communities that we serve and I look forward to answering your questions.

² Ibid. There were requests for \$143.2 million in funding, but Congress allocated the CDFI Fund only \$25.2 million for the BEA Program.