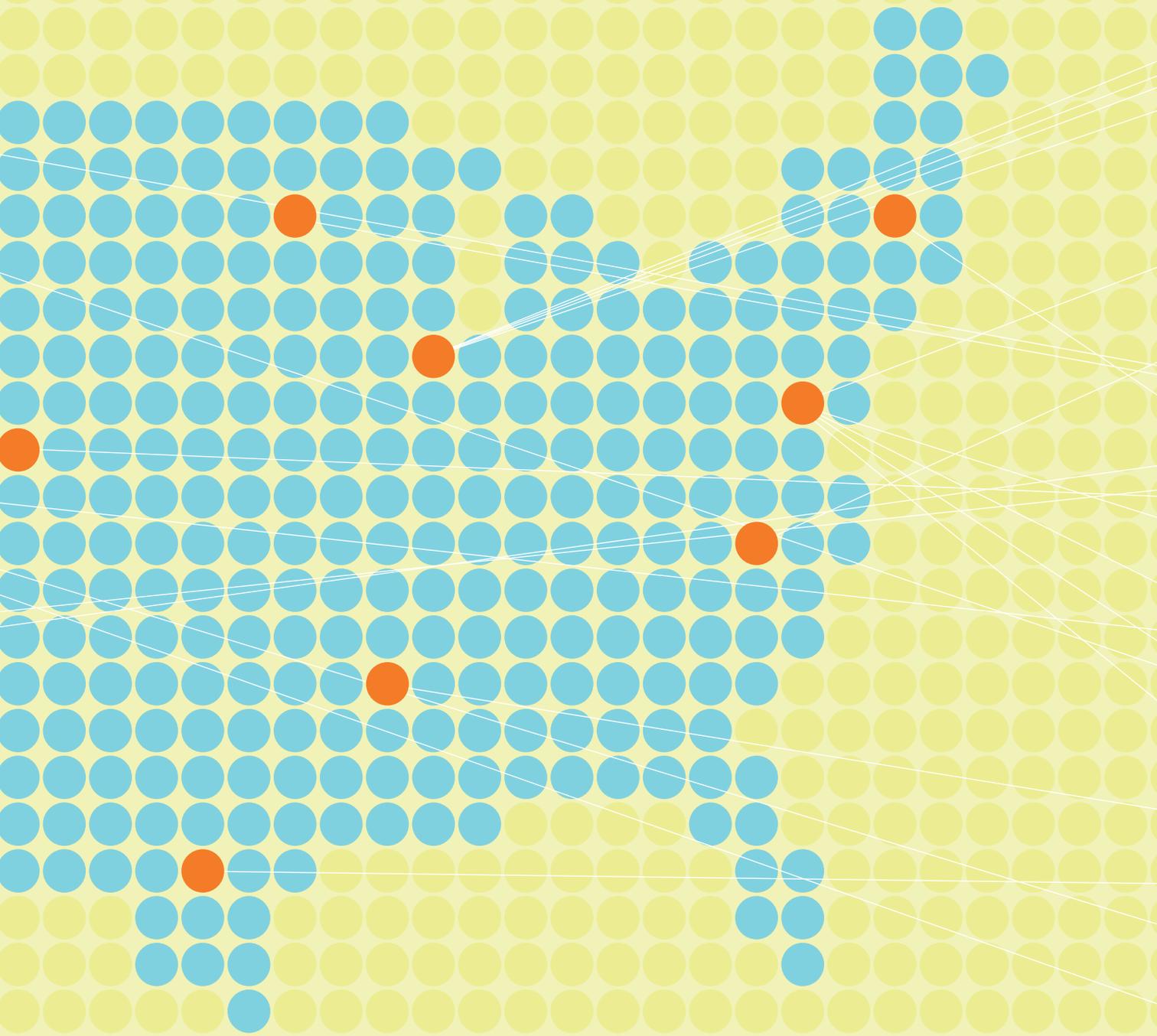


# MICROLENDING IN THE UNITED STATES

A TIMELINE HISTORY, 1973-2011



# OVERVIEW

**Microfinance offers fair and empowering products — loans, savings accounts, insurance, and more — that help people get ahead financially.**

Microloans for small business are the most well-known microfinance product. These tiny loans support entrepreneurs who cannot qualify for a bank loan, but need capital and may need business advice to start or grow a business that serves as a primary source of income for the family. Like microlending abroad, microlending in the U.S. often targets women, and also reaches many immigrants, ethnic minorities, and low-income entrepreneurs. Microloans are an effective tool, proven to improve people's lives, stimulate economic growth, and have a lasting and positive effect in communities.

The history of microfinance in the United States begins in the 1970s, when the need to **create an inclusive financial system** for the many who lack access to appropriate financial products and services began to get more attention. Communities around the country began experimenting with microlending models to serve untapped markets, building the case for public and private investment in a new style of economic development.

The 1990s ushered in a new era of growth for the domestic microfinance industry, driven simultaneously by government policy reforms and increased awareness of the expansion of microlending overseas as an anti-poverty strategy. Over the next two decades, U.S. microfinance continued to pick up steam and scale, **providing capital to thousands of entrepreneurs across the nation** — from cities like Chicago and San Francisco to rural communities, including Pine Bluff, Arkansas and Bozeman, Montana — while sowing the seeds for a more inclusive financial system. Today, there is wide consensus that support for microfinance should be a key part of economic development policy in the United States.

## Leading U.S. Microlenders\*

Listed alphabetically

- Access to Capital for Entrepreneurs
- ACCION Chicago
- ACCION New Mexico-Arizona-Colorado
- ACCION San Diego
- ACCION Texas
- ACCION USA
- Business Center for New Americans
- Justine Petersen Housing & Reinvestment Corporation
- Opportunity Fund
- Women's Initiative for Self Employment

\* Source: U.S. Microenterprise Census FY2008 Data, FIELD, The Aspen Institute



## 1973 1976

### Early Pioneers in Microlending, Midwest

ShoreBank Corporation is founded in Chicago and begins to provide investment capital to business owners on Chicago's South Side who are denied access to credit by the city's larger financial institutions. Women's Economic Development in Bozeman, Montana is established to bring women entrepreneurs into the mainstream financial system. These two organizations prove in the early 1970s that disadvantaged communities and small businesses are, in fact, creditworthy.



## 1973 1977



## 1977

### Community Reinvestment Act passed by Congress, Washington, D.C.

Congress passes the Community Reinvestment Act (CRA), requiring that federally regulated depository institutions respond to the credit needs of the communities where they operate, including low-income neighborhoods, through safe and sound banking operations. Today, one of the ways banks comply with the regulation is by investing in microfinance institutions, which specialize in making microloans to small businesses that are not bankable.

## 1980

### Self-Help, Durham, North Carolina

Self-Help expands on the model for Community Development Financial Institutions (CDFIs) mission-based financial institutions serving undercapitalized markets by offering microloans, business advising, and affordable housing financing. Self-Help demonstrates that achieving impact in low-income communities requires something more than microloans.

## 1980 1981

## 1981

### Women's Economic Development Corporation (WEDCO), St. Paul, Minnesota

WEDCO puts microlending on the map in the U.S., garnering national attention on *Oprah* and *60 Minutes* for providing business advising and microloans to Midwestern women.

## EARLY 1980s

### Nationwide

CFED and Opportunity Finance Network, two leading voices in promoting policies to expand microfinance in the U.S., are formed. Ten years later, the Association for Enterprise Opportunity is launched to serve as the voice for the U.S. microenterprise industry.



**1986**  
**Microfinance 101, Manchester, New Hampshire**  
 The first college course on U.S. microfinance is taught at New Hampshire College.

**1993**  
**Opportunity Fund Opens Doors, San Francisco Bay Area, California**  
 Opportunity Fund, a CDFI, launches after receiving initial CRA-eligible loan capital investments from fifteen Silicon Valley banks. By 2010, Opportunity Fund will become the San Francisco Bay Area's leading microfinance institution, providing the community with microloans, microsavings, affordable housing financing, and financial education.

**1993**  
**Working Capital, New England and Nationwide**  
 Working Capital, founded in 1991 and acquired by ACCION USA in 1995, was the largest microfinance program in the country in the early 1990s, applying their group lending model in New Hampshire, Massachusetts, Maine, and Vermont and through franchises in Delaware, Miami, and Atlanta.

1983

1986

1991

1993

1994

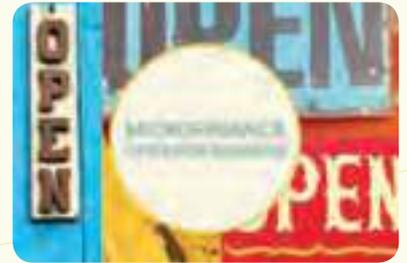


**1983**  
**Foundations fund first U.S. microfinance grantees, Nationwide**  
 The philanthropic community, led by The Charles Stewart Mott Foundation and The Ford Foundation, begins funding the emerging field in 1983. By the end of the 1980s, U.S. microfinance has taken root across the nation and found support from Congress, academia, and the broader philanthropic community.

**1991**  
**ACCION comes to the U.S., Nationwide**  
 ACCION International applies its microlending model (implemented internationally since 1973) to the U.S., beginning in Brooklyn, New York. The ACCION U.S. Network will become the largest microlending network in the nation by 2006 with five U.S. members: ACCION Chicago, ACCION New Mexico-Arizona-Colorado, ACCION San Diego, ACCION Texas-Louisiana, and ACCION USA.

**1994**  
**CDFI Fund Act passed by Congress, Washington, D.C.**  
 Congress establishes the Community Development Financial Institution Fund (CDFI Fund), which provides government investment directly to CDFIs working in underserved communities. CDFIs are financial institutions (banks, credit unions, loan funds, or venture funds) that are certified by the U.S. Department of Treasury as having a primary purpose of community development and being accountable to the low-income communities they serve.

**1991**  
**Building the Field, Washington, D.C.**  
 The Aspen Institute begins its work in the U.S. microenterprise field with the creation of the Self-Employment Learning Project, which documents the work of seven microlending programs.



1995

CRA Reforms, Washington, D.C.

The Clinton administration implements significant reforms to the CRA regulation, nearly twenty years after it was first passed. The reforms shift the focus of CRA enforcement from process to results, and begin to make good on the CRA's potential to transform banking at the community level.

2008

ACCION Texas, the largest MFI in the country, makes its 10,000th loan, San Antonio, Texas

2008

Grameen in America Queens, New York

Grameen Bank launches its first branch in Queens (NYC), bringing the most well-known name in international microfinance to the U.S.

2010

Microfinance USA, San Francisco, California

As of 2010, the U.S. microfinance field has emerged. No longer just pockets and puddles of microlending activity, the U.S. microfinance industry now offers proven micro-credit and microsavings products, serving clients across the nation. Microfinance USA is the first nationwide conference that gathers practitioners, policymakers, investors and enthusiasts to engage, explore, and expand the domestic microfinance field.

1995

1997

2008

2009

2010

2011



FIELD

Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination

1997

Measuring and Advancing Microfinance, Washington, D.C.

The Aspen Institute expands engagement in U.S. microenterprise, launching the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD). FIELD tracks the industry, documents its outcomes and invests in innovative ideas. In 2005, FIELD will release the Opening Opportunities, Building Ownership report that assesses the state of the field, and will launch the Scale Academy for leaders pushing the frontiers of U.S. microfinance.



2009

Kiva launches U.S. partnership, San Francisco, California

Kiva, the world's first personal micro-lending website, partners with Opportunity Fund in the San Francisco Bay Area and ACCION USA in New York as its first two U.S. field partners, enabling these MFIs to access loan capital through Kiva's lenders worldwide.



**Opportunity Fund**

111 West St. John Street, Suite 800  
San Jose, CA 95113

Phone: (408) 297-0204

Web: [opportunityfund.org](http://opportunityfund.org)

Twitter: [@opportunityfund](https://twitter.com/opportunityfund)

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