

Black Banking: Past, Present and Future

CFPB FinEx Webinar | February 23, 2023

Presenters:

Dr. Charles Nier, Senior Counsel, Office of Enforcement, CFPB

Ms. Betty Rudolph, Federal Deposit Insurance Corporation (FDIC)

Mr. John Stanley, Office of the Comptroller of the Currency (OCC)

Mr. Rohit Chopra, Director, CFPB (Closing Comments)

Facilitator: Heather Brown, Ed.D, CFPB FinEx Program Lead



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The CFPB is committed to providing consumers with up-to-date information and resources to protect and manage their finances during this difficult time.



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If you're concerned about how to pay your mortgage or rent, we have information on what to do now, and what your options are for mortgage and rental relief.

[Learn about mortgage and housing assistance](#)

Managing your finances

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FEDERAL CORONAVIRUS RESOURCES

White House Coronavirus Task Force

Information about COVID-19 from the White House Coronavirus Task Force in conjunction with CDC, HHS, and other agency stakeholders.

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Centers for Disease Control and Prevention

The latest public health and safety information for United States consumers and the medical

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- [Multilingual communities and newcomers](#)
- [Adults](#)
- [College students and student loan borrowers](#)

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- [Resources for financial coaches](#)
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Webinar archive

Date	Description	Action
August 18, 2021	Helping clients who are experiencing housing insecurity	Watch Read transcript Download slides (CFPB & Treasury) HUD
May 20, 2021	New resources for older Americans	Watch Read transcript Download slides


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Race Banks: Black-owned financial institutions, civil rights activism, and economic self-determination in Philadelphia, 1910–1930

Presenter:

Dr. Charles Nier, Senior Counsel, Supervision Policy, CFPB

The bottom of the slide features a decorative graphic consisting of several overlapping, semi-transparent green triangles and polygons of varying shades, creating a modern, abstract design.

A historical methodology to analyzing African American urban history

- In understanding African American urban history, it is important to understand the historical intersection of different factors including:
 - External factors
 - Discrimination
 - Segregation
 - Structural factors
 - Federal, state, and local government action
 - Internal factors
 - Civil rights activism
 - Economic development

The Great Migration

Intent on escaping the violence and discrimination of the South, between 1910 and 1930, thousands of African Americans left the rural South for large cities of the North seeking economic and educational opportunities

- 1.6 million arrived primarily in the cities of the Northeast
- In 30 years, the African American population in Philadelphia grew from 63,000 to almost 220,000
- Most migrants arrived from just four southern states: Virginia, South Carolina, Georgia and Maryland
- Largest internal movement of any group in American history

Discrimination in the North

As tens of thousands of migrants arrived throughout urban areas in the North, African Americans often encountered discriminatory conditions

- De facto segregation
 - For example, in Philadelphia, African Americans were excluded from hotels, concert halls, public transportation, schools, churches and other places of public accommodation
- Inadequate housing
- Poor schools
- Limited employment opportunities
- Lack of services from white businesses, including banks
- Violence
 - Assault and murder
 - Daily insults and harassment
 - Mob violence

African Americans and mortgages

- African Americans encountered numerous barriers to accessing credit and achieving homeownership
 - Banks simply refused to accept the deposit business of African Americans and refused to lend to African Americans or African American neighborhoods
 - Even if a bank did make a mortgage loan to African Americans, the terms and conditions were onerous compared to whites
 - Typically, African American borrowers were charged interest rates and fees at least double those offered to whites

“[I]f a colored man owned City Hall he would be unable to get a first mortgage on it at this bank. They absolutely refuse to lend money, in any manner to Negroes”

-Raymond Pace Alexander, African-American lawyer, Philadelphia

Racialized economy

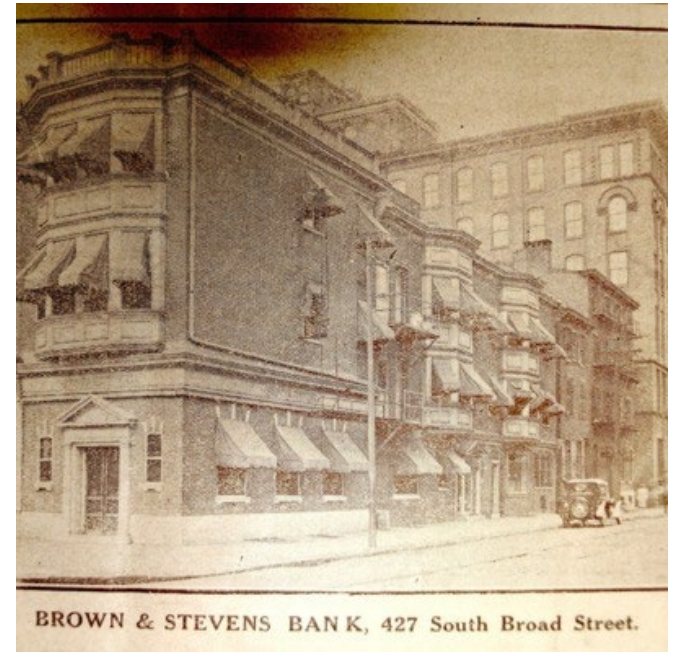
- Despite the conditions, the rapid population growth in the North created a concentrated African American consumer market with disposable income
 - Philadelphia was known to provide relatively high wages to African American migrants, which contributed to a solid working class
- The overall impact of rapidly growing African American communities created a separate racialized economy
- Market conditions were conducive to the rapid growth of African American-owned business districts supported by an emerging working class
- “Race banks” were at the pinnacle of an economic pyramid

Race banks

- From 1900 through 1934, 130 African American-owned banks, often referred to as race banks, were established throughout the United States
- While many cities had large race banks, Philadelphia had the largest number of total financial institutions, including multiple banks and numerous building and loan associations
- In the 1920s, three African American owned-banks opened in quick succession in Philadelphia:
 - Brown and Stevens Bank, founded by Edwin C. Brown and Andrew F. Stevens
 - Keystone Cooperative Bank, established by John C. Asbury
 - Citizens and Southern Bank and Trust Company under the direction of Richard. R. Wright, Sr

Brown and Stevens Bank

- On January 1, 1916, Andrew Stevens and Edwin Brown opened the Brown and Stevens Bank in Philadelphia
- The bank was an immediate success, and, at its peak, it had combined assets of over \$1,500,000 with approximately eleven thousand depositors
- The Bank provided financial support to the Black community in numerous ways, including:
 - Employing African Americans
 - Allowing for wealth accumulation with interest on deposits
 - Providing credit to borrowers to finance a business or a home
 - Investing in the African-American community through salaries, dividends, interest and investments



Brown and Stevens Bank

- The Bank opened two additional offices and, in 1924, Brown and Stevens established a second bank, Cosmopolitan State Bank
- The Bank aggressively marketed to the African American community with advertisements in newspapers and magazines
- Brown and Stevens also financed the construction of 5 major theaters and purchased large apartment buildings in Harlem
- The Brown and Stevens Bank, hailed as a “monument to racial enterprise” that “inspired the confidence of the whole race”
- Unfortunately, following a run on the Bank, it collapsed in 1926 due to speculative investments and a lack of liquidity

332 THE MESSENGER [January, 192



E. C. BROWN
Brown & Stevens, Bankers

A. F. STEVENS
Brown & Stevens, Bankers

WHAT IS A BANK?

A bank—is a place where people may deposit money either for future benefits—savings; or for commercial purposes—the creation of credit. The colored business man is without credit; still it is said that the colored people have more than fifteen millions of dollars deposited in the white banks of Philadelphia. The man without capital or credit is helpless. Without these tools of business he can hardly keep himself alive. **MEN GROW RICH NOT BY LABOR, BUT BY CREDIT AND CAPITAL, WHICH THEY COMMAND.** Credit controls life; controls the smallest merchant, the poorest farmer and laborer, the most powerful railway system and the greatest empire. Credit should be obtainable by anyone of character and ability—the question of color should not be a determining factor.

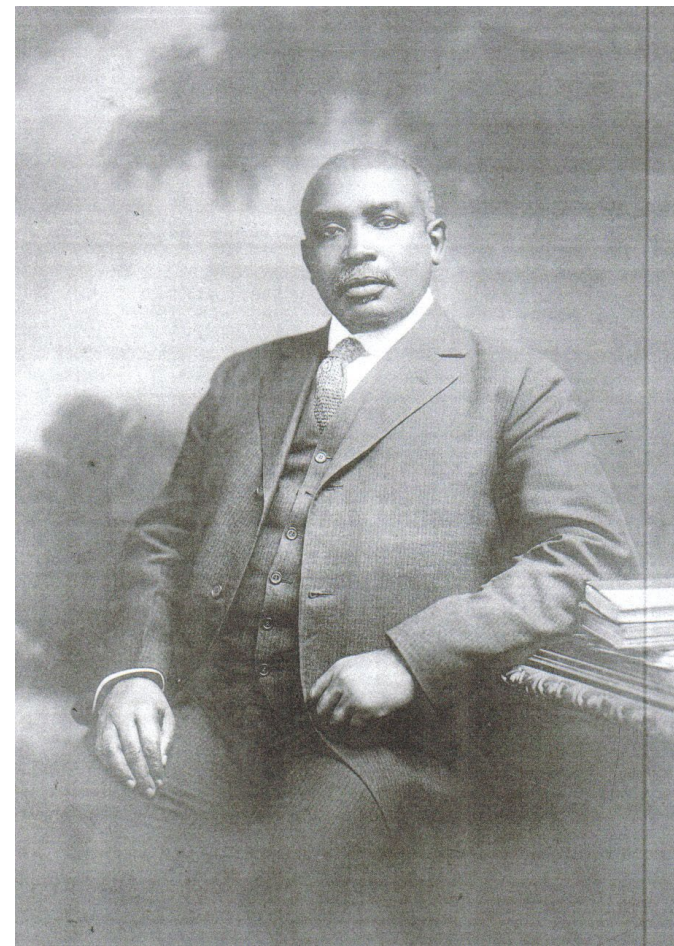


This building, at the corner of Broad and Lombard Streets, Philadelphia, in which our present bank is located, will soon be converted into a modern structure to house the Brown-Stevens Trust Co.

Mention the MESSENGER

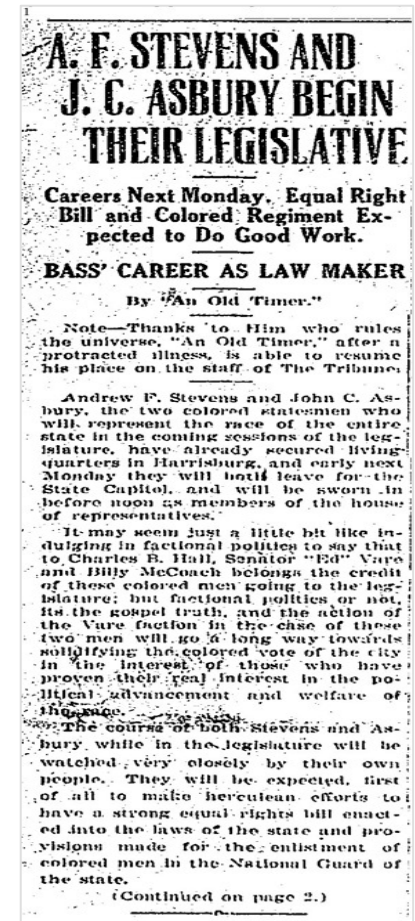
Keystone Cooperative Bank Association

- Inspired by the success of the Brown and Stevens Bank, in 1921, John Asbury established the Keystone Cooperative Banking Association
- The Bank was an affiliate of the Keystone Aide Society, the largest Black-owned insurance company in Philadelphia
- By 1926, the Bank had grown to 2,000 customers who deposited over \$100,000 in mostly small accounts
- After the collapse of the Brown and Stevens Bank, Asbury realized his bank also faced dangerously low liquid assets
- Asbury, in a bid to avoid a potential collapse, contacted Richard R. Wright, Sr., the president of another African American-owned and operated bank in Philadelphia, Citizens and Southern Bank and Trust Company
- On January 4, 1927, Asbury announced that Keystone and Citizens had merged into a single institution
- The first time two “[r]ace banks” had successfully consolidated their resources and it was hailed as “evidence of a desire to cooperate for the future prosperity of the race”



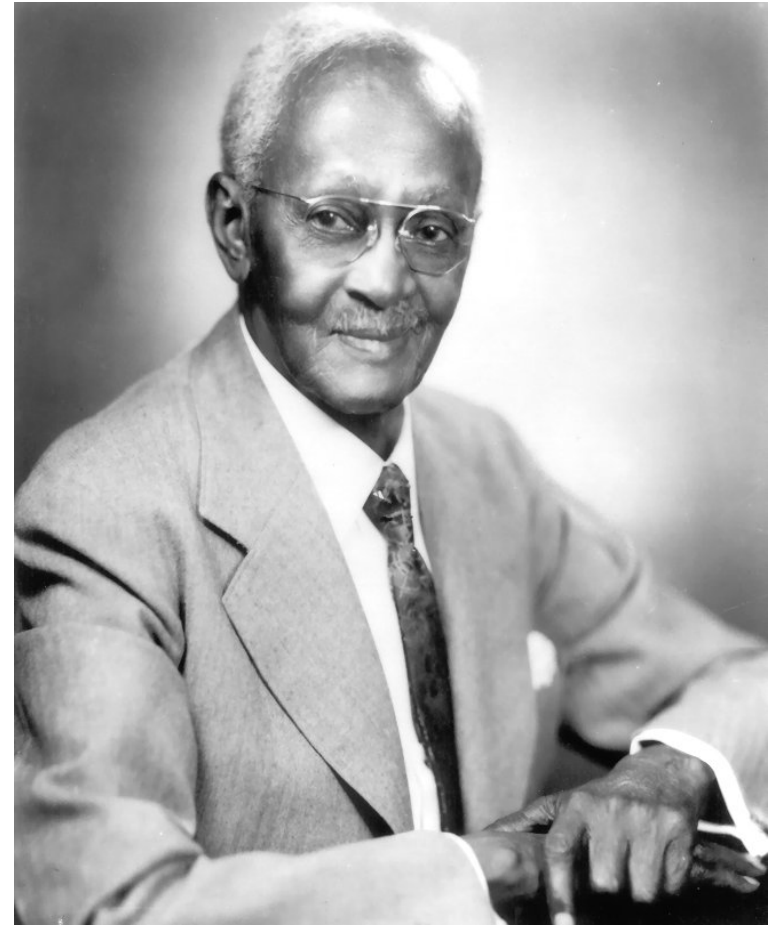
Stevens and Asbury and fight for civil rights

- From the solid foundation of a race bank, Andrew Stevens and John Asbury engaged in traditional civil rights efforts through the political process as members of the Pennsylvania House of Representatives
- Following a brutal lynching outside of Philadelphia, in 1923, Stevens successfully fought for the passage of an anti-lynching law
- After Asbury was forced to sit in the balcony of a theater, he introduced a bill in the PA House of Representatives, known as the Asbury Equal Rights Bill
- The bill was designed to guarantee equal civil rights for all the citizens of Pennsylvania regardless of race in places of public accommodations
- After successfully passing the House, the bill died in the Senate



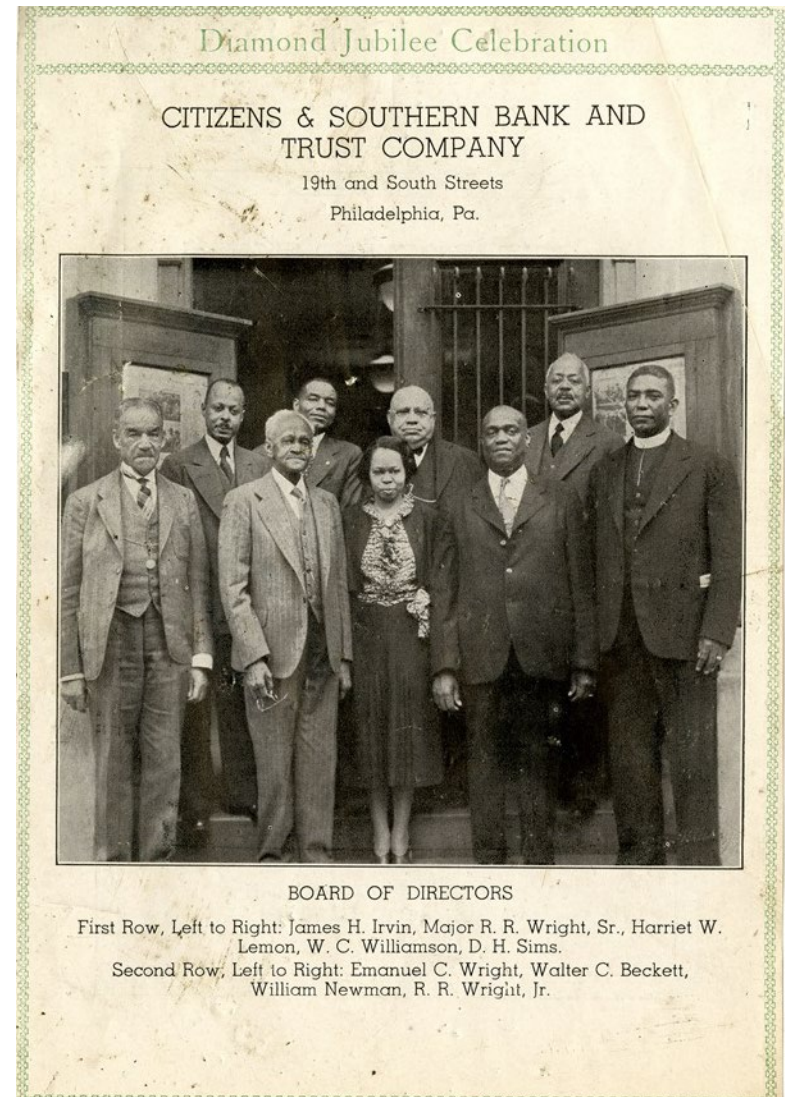
Major Richard R. Wright, Sr. and Citizens Bank

- Richard Wright was born an enslaved person in a log cabin in Dalton, Georgia in 1855
- He graduated from Atlanta University and was appointed principal of the E.A. Ware High School in Savannah, the only publicly-funded high school for African Americans in Georgia
- Later, he became president of the Georgia State Industrial College for Colored Youth, known now as Savannah State University
- Wright's educational philosophy was considered radical, and on one occasion, he escaped a mob that had gathered to lynch him
- In August 1898, President William McKinley appointed Wright as a major and paymaster in the U.S. Army – the first African American to serve as a U.S. Army paymaster
- During the Spanish-American War, he was the highest-ranking African-American officer



Major Richard R. Wright, Sr. and Citizens Bank

- After Wright's daughter was insulted in a local bank while attempting to make a deposit, he demanded an apology from the bank's president
- The bank president refused to apologize, and Wright vowed to start his own bank
- At the age of sixty-six, Wright left the South, and on September 15, 1920, he and his family opened the Citizens and Southern Bank in Philadelphia
- Wright's goal was to promote savings in order to achieve homeownership and provide services to protect African Americans from real estate sharks
 - Commercial banking services
 - Savings accounts
 - Trust and title insurance
 - Mortgage loans
 - Small business loans




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- PHILADELPHIA TRIBUNE. PHOTO-SUPPLEMENT
SATURDAY, NOVEMBER 29, 1914




P. H. WRIGHT, JR.
Sales Commission Executive




J. ASHBY JOHNSON
Buyer A. H. S. Cloth



A VIEW OF THE VAULT AT CITIZENS & SOUTHERN BANK



THOMAS M. THOMAS
Businessman



F. H. WASHINGTON
First Deputy, Warehouse Association

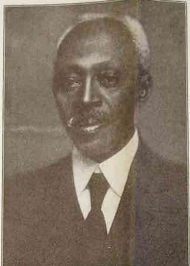
The Citizens' & Southern Banking Company

PHILADELPHIA'S PROGRESSIVE FINANCIAL INSTITUTION

Finest Bank Building of the Race in the North

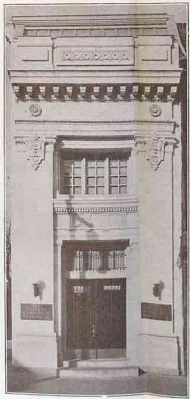
Trust Company Incorporated and Ready to do Business


INCREASES \$100,000 PER YEAR




MAJOR W. H. WRIGHT
President

THE CITIZENS' & SOUTHERN BANK BUILDING
Located at
N. E. Cor. of North and South Streets







E. W. THRELKELD
Businessman, West Chester, Pa.




AGNES CARTER THRELKELD
African Loan Office and Western Union
City Contract Worker at Public School
System of District of Columbia, Washington
to Boston



INTERIOR, CITIZENS & SOUTHERN BANK



J. C. DOREY
Lawyer, City



E. WASHINGTON JONES
Retailer

Authorized to Issue

TITLES TO REAL ESTATE

Act as Guardians
Executor, Agent
etc.

In Other Words
AN INSTITUTION OF
PUBLIC SERVICE

THIS INSTITUTION
DEMANDS OF ITS
EMPLOYEES

 - Service
 - Reliability
 - Efficiency
 - Honesty
 - Courtesy

In Handling Transactions with
Patrons of any Department
of this BANK

THE BOARD OF
DIRECTORS
OF THE
CITIZENS' & SOUTHERN
BANKING COMPANY

Wm. H. Wright
Wm. J. Jones
J. Ashby Johnson
J. C. Dorey
J. H. Thomas
J. H. Thomas
J. H. Thomas
J. H. Thomas
J. H. Thomas
J. H. Thomas

A
Savings Department

is offered as a fundamental
basis for

"PROSPERITY"

Start an Account
For Your Children
NOW

To encourage your child in this valuable
characteristic, secure one of our [HOME]
Savings Banks for each child. Make
saving competitive in your family.

Do You Realize

that this Bank has
deposited

\$50,000

with the State Treasurer at Har-
risburg to protect our depositors?
Safety of investment and increased
business assure our patrons pro-
tection in all their transactions
with this Institution, which has
been organized to

SERVE YOU

THE BOARD OF
DIRECTORS
OF THE
CITIZENS' & SOUTHERN
BANKING COMPANY

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J. H. Thomas
J. H. Thomas
J. H. Thomas
J. H. Thomas
J. H. Thomas
J. H. Thomas

FOR the convenience of our people, we have
established a CONSULTATION SERVICE, where
people confronting them may be brought. We
are here to HELP YOU.

"THE BANK OF PERSONAL SERVICE"

Race banks

- The founders of race banks viewed such institutions as essential for the economic development and wealth creation in African American communities
 - Capital for business development
 - Mortgages for home ownership
- Just as importantly, they also viewed race banks, not as simple business endeavors, but rather as an essential element of civil rights advocacy
 - Protested racial discrimination
 - Fought for the passage of civil rights legislation
 - Implemented economic self-determination

Building and loan movement

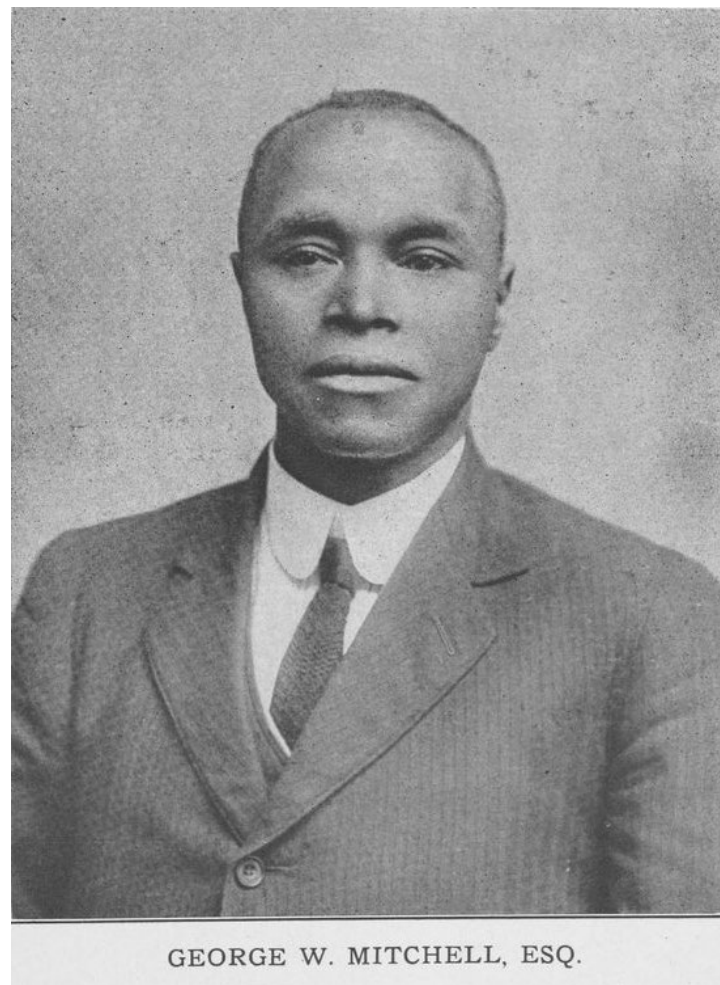
- Building and loan associations or thrifts were cooperative organizations that often provided persons with low to moderate income an alternative financing option to achieve homeownership
 - A member of the thrift subscribed to shares in the thrift
 - Number of shares a member subscribed to equaled the desired loan amount
- Thrifts offered reasonable loan terms and conditions
 - Low interest rates and fees
 - Fully amortized
- Thrifts were also relatively easy to establish in comparison to banks
 - Charter and by-laws
 - Limited to no capital requirements
 - Informal operation with limited operating costs
- By 1930, building and loan associations originated more than 22 percent of the mortgages in the United States

Race building and loan associations

- By 1930, 73 African American-owned building and loan associations were in operation in the United States with assets of \$6.5 million
 - Nearly half of the African American building and loan associations were in Philadelphia, the epicenter of the movement
 - From 1910-1929, such building and loan associations originated at least 1,216 mortgage loans to African Americans
- Black-owned building and loan association movement was led by several prominent African American lawyers, often working in conjunction with African American churches in Philadelphia

George Mitchell

- Born in 1865, George W. Mitchell was a graduate of Howard University Law School
- He settled in Philadelphia and was admitted to the bar in 1898
- From 1905 until his death in 1931, Mitchell was instrumental in establishing nearly every Black-owned building and loan association in Philadelphia
- Mitchell continued his involvement by serving as a solicitor and director for at least 20 associations and attended nearly every monthly meeting
- Mitchell also served as editor of a magazine for the associations known as *The Monthly Home Visitor*



George Mitchell and the Women's Building and Loan

- Founded in 1920, the Women's Building and Loan Association was not only an African American building and loan but also the only all-women association in Pennsylvania and possibly in the United States
- Mitchell was the only male associated with the association, helping it become established and serving as solicitor
- Led by Viola Lee Hill, it was well-managed and described by its accountant as “in the best financial shape in comparison with many other and larger associations of all races”
- By 1932, the Association had financed the purchase of over one hundred homes in Philadelphia

George Mitchell

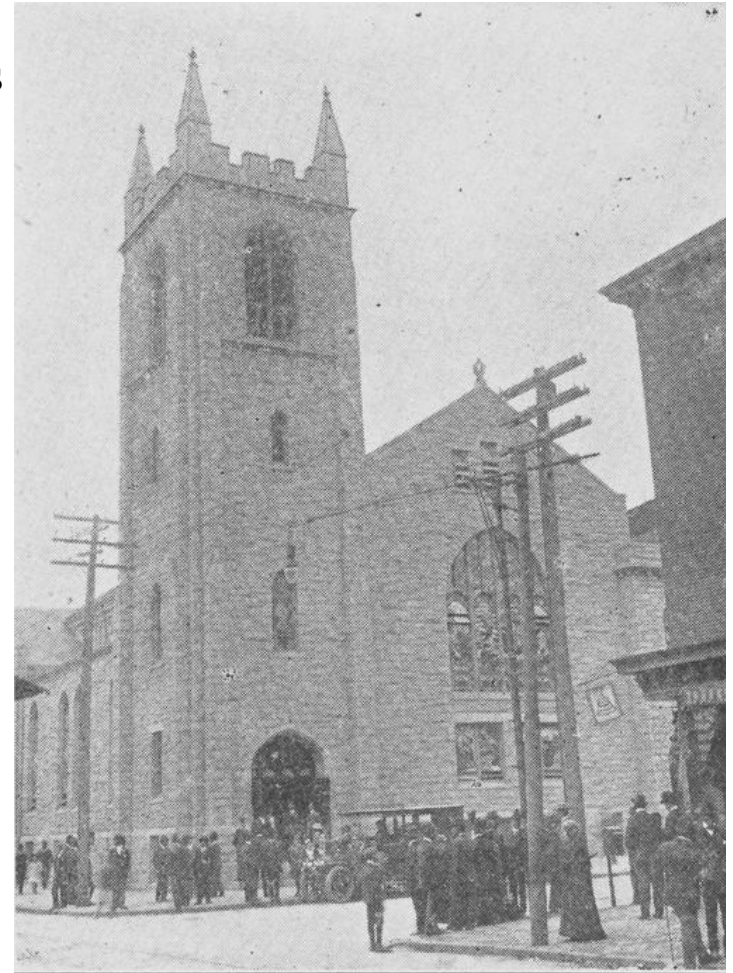
- Mitchell combined economic self-determination with civil rights advocacy
- He was a leader in the Niagara Movement and was appointed its Secretary for Pennsylvania
- Later, he became a founding member of the NAACP's Philadelphia Chapter in 1911
- He also fought against efforts to create separate schools for African American children in Philadelphia
- He was the founding member of the American Negro Historical Society and wrote a detailed history of the national politics of race

“[Mitchell’s] sane, conservative advice on management and his knowledge of real estate value are in no small measure responsible for the present satisfactory condition of many of the [Black-owned] associations.”

-I. Maximillian Martin, 1936

African American churches and the building and loan movement

- While Mitchell spearheaded the African-American building and loan movement, its institutional pillars were African American churches in Philadelphia
- At least 8 African-American churches operated building and loan associations
 - Cherry Memorial Church
 - Berean Presbyterian Church
 - African Zoar Methodist Church
 - St. Simon's Church
 - Shiloh Baptist Church
 - St. Paul Baptist Church
 - Miller Memorial Baptist Church
 - Calvary Baptist Church



CHERRY MEMORIAL BAPTIST CHURCH,

African American churches and the building and loan movement

- The leaders of African American churches viewed building and loan associations as a key component of their broad “racial uplift” programs
 - Encouraged the principle of thrift
 - Boosted civic participation
 - Created social space
 - Achieved homeownership
 - Provided economic stability

Berean Building and Loan Association

- Reverend Matthew Anderson founded Berean Building and Loan in 1888 and selected the legendary William Still as its first president
 - Still was considered the father of the Underground Railroad and helped as many as 60 enslaved persons a month to escape to freedom
 - Still also led a campaign to desegregate streetcar lines in Philadelphia that culminated in the passage of a law prohibiting the segregation of African American passengers
- By 1928, Berean was the largest Black-owned building and loan in the United States
 - 3,000 members
 - \$900,000 in assets
 - 2,000 mortgage loans



Overall impact of race banks and building and loan associations

- Some scholars have argued that African American financial institutions were too small and poorly equipped to meet the demands for home loans
- However, in Philadelphia, the largest network of Black-owned financial institutions played a significant role in the dramatic increase of African American homeownership
 - 1910 – 5.0% homeowners
 - 1920 – 12.2% homeowners
 - 1930 – 15.4% homeowners
- In contrast, New York and Chicago had much smaller increases in African American homeownership rates
- By 1930, Philadelphia had the highest number of African American homeowners of any major urban city in the United States

Conclusion

- Despite obstacles, African American communities established race banks and building and loan associations to provide capital for business development and mortgages for home ownership
- Black-owned financial institutions provided access to credit on reasonable and fair terms for African Americans
- Just as importantly, race banks and building and loan associations were not simple business endeavors, but rather essential cornerstones of civil rights advocacy
 - Fighting racial discrimination
 - Passing civil rights legislation
 - Implementing economic empowerment

References and sources

- Martin, I. Maximilian. Negro Managed Building & Loan Associations in Philadelphia: Their History and Present Status. Philadelphia: Associated Real Estate Brokers of Philadelphia, 1936.
- Mason, David L. “Homeownership Is Colorblind: The Role of African American Savings and Loans in Home Finance, 1880-1980,” *Business and Economic History* 8 (2010) <https://thebhc.org/sites/default/files/mason.pdf>.
- Nier, Charles. “‘Race Banks’ – Black-Owned Financial Institutions, Civil Rights Activism, and Economic Self-Determination in Philadelphia - 1915-1930,” *Journal of African American History* 108 (forthcoming 2023)
- Nier, Charles. "Race Financial Institutions, Credit Discrimination and African American Home Ownership in Philadelphia, 1880--1960." Ph.D., Temple University, 2011.



Minority and Community Development Banking

**For CFPB Financial Education Exchange
February 23, 2023**

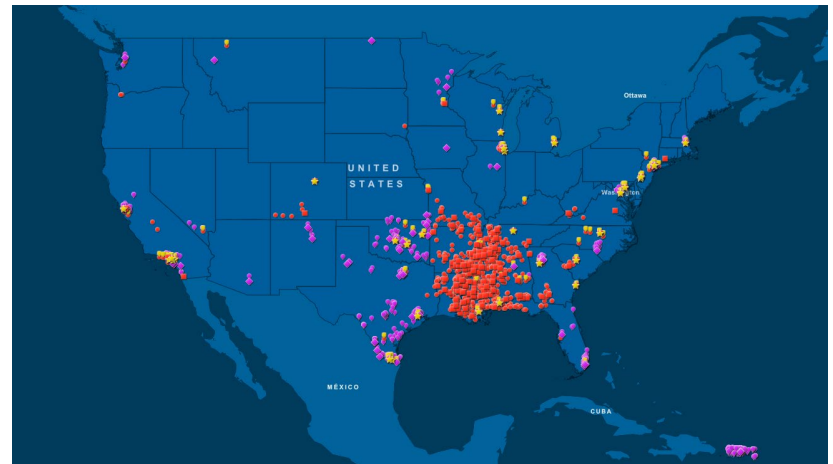


Today's Topics

- What are minority depository institutions?
- Why do MDIs matter?
- What is the FDIC's role?
- African American MDIs
- Access to the banking system

What are Minority Depository Institutions?

- 145 FDIC-insured MDIs
- \$329 billion in total assets
- Located in 29 States, Guam, Puerto Rico, and the District of Columbia



What are Minority Depository Institutions?

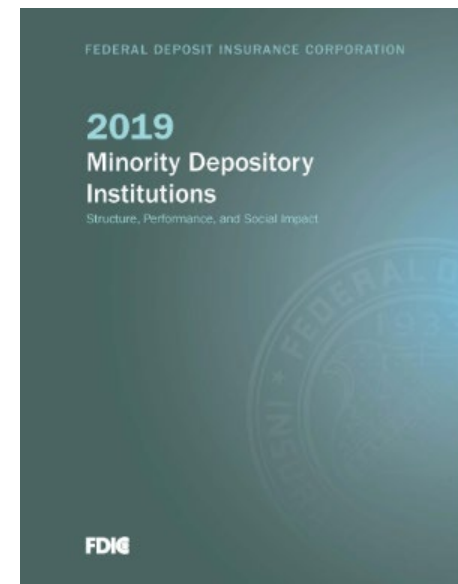
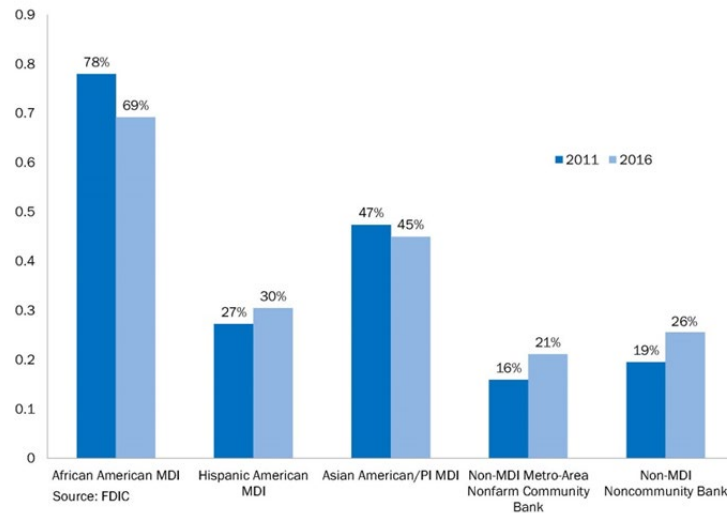
The FDIC defines an MDI as any federally insured depository institution for which:

1. 51% or more of the voting stock is owned by minority individuals; or
2. A majority of the board of directors is minority and the community that the institution serves is predominantly minority.

Count	Minority Status Designation
20	African American
30	Hispanic American
73	Asian and Pacific Islander
20	Native American
02	Multiracial
145	Total as of September 30, 2022

Why Do MDIs Matter?

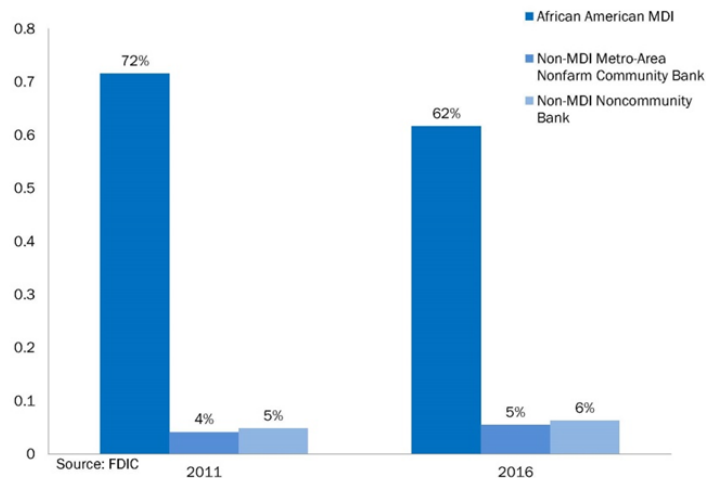
The Median Share of Estimated Service Area Population Living in LMI Census Tracts is Higher Among MDIs



CFPB FinEx February 23, 2023

Why Do MDIs Matter?

The Median Share of Estimated Service Area Population That Is African American Is Higher for African American MDIs



- MDIs were organized by minorities to create pathways to economic development in racially segregated communities.
- MDIs often provide banking services to those who might not otherwise have access to a financial institution.
- African American MDIs, in particular, serve largely Black communities at higher rates than other banks.



What is the FDIC's role?

- We insure all 145 MDIs.
- We supervise 97 of the 145 MDIs, or two-thirds of them.
- We work to fulfill five statutory goals to preserve and promote MDIs.

What is the FDIC's role?

Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) established the following goals:

- To preserve the number of minority depository institutions;
- To preserve the minority character in cases involving merger or acquisition of a minority depository institution;
- To provide technical assistance to help prevent insolvency of minority depository institutions;
- To promote and encourage creation of new minority depository institutions; and
- To provide for training, technical assistance, and educational programs for minority depository institutions.



What is the FDIC's role?

Traditional Initiatives

- Outreach
- Education and Training
- Technical Assistance

Recent Initiatives

- Large Bank/MDI Roundtables
- MDI Subcommittee
- Interagency MDI Conference
- Research
- Update Statement of Policy
- Examiner Instructions
- Supervisory Strategies
- Examiner Training
- Failing Bank Procedures
- Cultural Change
- Community Reinvestment Act
- Mission-Driven Bank Fund
- ECIP - \$9 billion
- CDFI Fund - \$3 billion
- Capital Estimator
- Capital Guide
- MDI Designation Procedures
- Origin Stories
- Banking on Inclusion Podcast

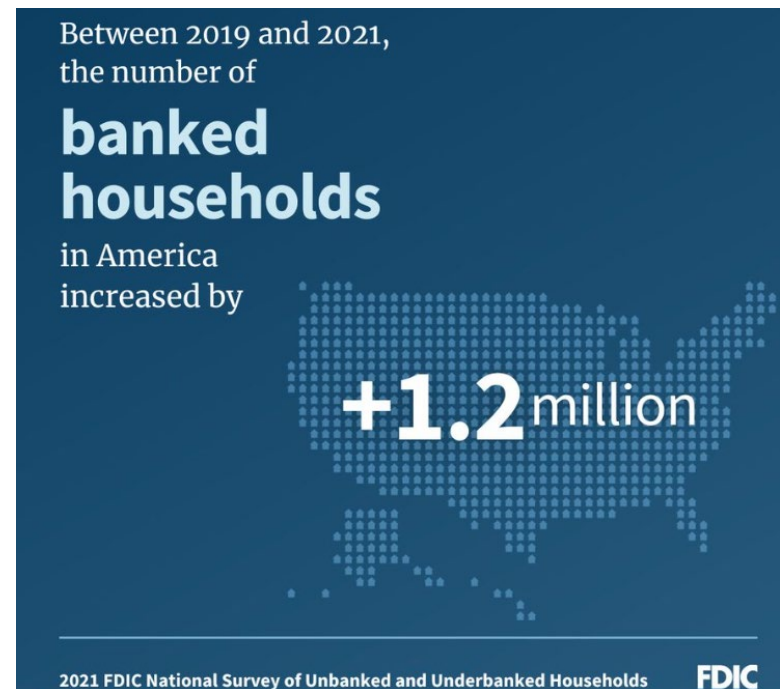
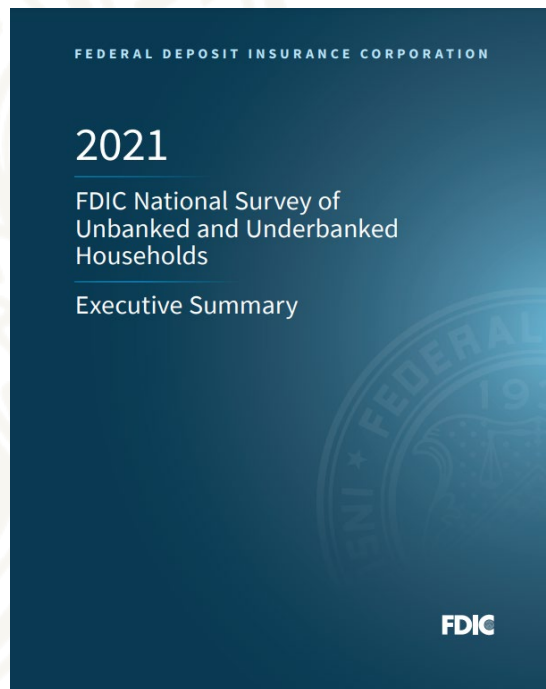
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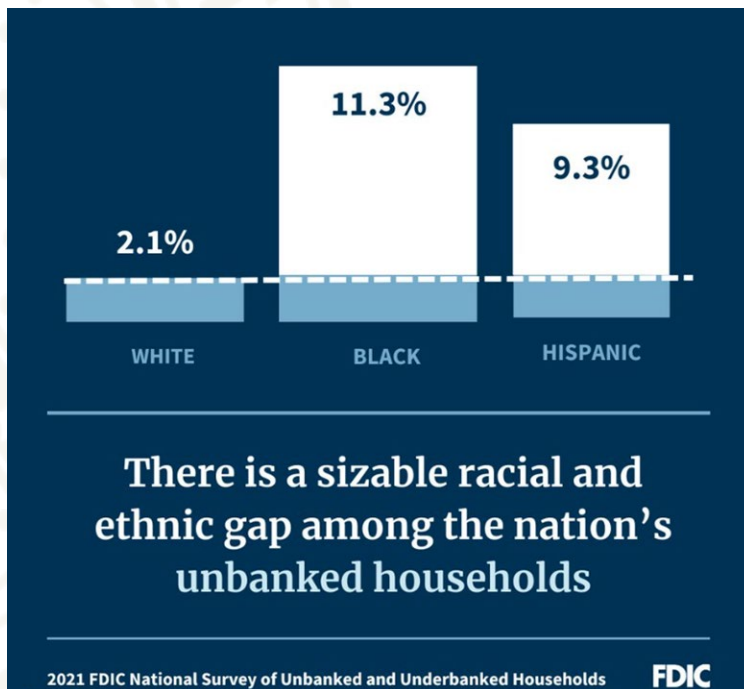
African American MDIs

- March 31, 2023 list will show 21 FDIC-insured African American MDIs
- Two new Black MDIs in past several months
- Recent injections of public and private capital

Access to the Banking System



Access to the Banking System



CFPB FinEx February 23, 2023

Access to the Banking System: #GetBanked



TOP REASONS TO #GETBANKED

Opening a bank account can be one of the most important steps you take toward reaching your financial goals. Why? Because putting your money in an FDIC-insured bank account can offer you financial safety, easy access to your funds, savings from check-cashing fees, and overall financial peace of mind. If you do not currently have a bank account, but have been thinking about opening one, here are some things you should consider.

FDIC FEDERAL DEPOSIT INSURANCE CORPORATION

FOR MORE INFORMATION ON FINDING THE RIGHT TYPE OF ACCOUNT FOR YOU, GO TO WWW.FDIC.GOV/GETBANKED WWW.FDIC.GOV/GETBANKED.



Find a Bank

The FDIC's [BankFind](#) tool can help you locate an FDIC-insured bank in your area. In addition, the following organizations have compiled lists of banks that offer accounts that can be opened online:

- [Bank On >](#)
- [American Bankers Association >](#)
- [Independent Community Bankers of America >](#)

CFPB FinEx February 23, 2023

Access to the Banking System: Bank On




**Expand Banking Access
In Your Community With Bank On**

Bank On-certified accounts provide consumers safe and affordable access to the mainstream financial system. Bank On accounts typically:

-  **offer checkless checking with debit card and mobile/online access**
-  **have no overdraft fees**
-  **come with a monthly fee of only \$5 or less**
-  **can be opened with a low starting deposit**

With national account standards administered by the nonprofit organization Cities for Financial Empowerment, Bank On accounts work for both consumers and banks.

Bank On [About](#) [Coalitions](#) [Accounts](#) [Resources](#) [Research](#) [Contact Us](#) 

Bank On's goal is to ensure that everyone has access to a safe and affordable bank or credit union account.

The CFE Fund's national Bank On platform supports local banking access efforts.

[LEARN MORE](#)



← ...

Top Latest People **Photos** Videos

 **CFE Fund** @CFEfund · Dec 21, 2022

JUST RELEASED: New data from @stlouisfed and @CFEfund's **Bank On National Data Hub** shows that 14.1M #BankOn accts have been opened to date, with 3.4M accounts opened in 2021 alone!

TY to our #BankOn bank + credit union partners for reporting. Learn more: bit.ly/3FwmimK

The Bank On Market is Robust
In 2021, across 28 reporting institutions:

- over **14.1 million** accounts opened to date
- 80%** of accounts opened by customers new to the financial institution
- 3.4 million** accounts opened in 2021 with **457,000** accounts opened in community financial institutions

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Resources

FDIC MDI Program Webpage:

<https://www.fdic.gov/regulations/resources/minority/index.html>

FDIC Statement of Policy Regarding Minority Depository Institutions:

<https://www.fdic.gov/news/board-matters/2021/2021-06-15-notice-sum-b-fr.pdf>

MDI List and Interactive Map of MDI and CDFI HQ and Branches:

<https://www.fdic.gov/regulations/resources/minority/mdi.html>

FDIC MDI Research Study:

<https://www.fdic.gov/regulations/resources/minority/2019-mdi-study/full.pdf>

Additional Resources

2021 National Survey of Unbanked and Underbanked Households:

<https://www.fdic.gov/analysis/household-survey/index.html>

GetBanked:

<https://www.fdic.gov/GetBanked/>

Bank On Accounts:

<https://joinbankon.org/>

<https://www.aba.com/news-research/research-analysis/expand-banking-access-in-your-community-with-bank-on>

<https://www.stlouisfed.org/community-development/bank-on-national-data-hub/bank-on-report-2021>

FDIC Money Smart:

<https://www.fdic.gov/resources/consumers/money-smart/index.html>

The History of Black Financial Institutions in America

John Stanley
MCBS Deputy Comptroller
East and Northeast Regions
February 23, 2023



Freedman's Savings & Trust

- ❖ Better known as Freedman's Savings Bank
- ❖ Established in 1865 through an act of Congress
- ❖ Simple savings institutions created primarily for former slaves and their descendants
- ❖ Original Charter vs Amended Charter
- ❖ OCC's Role

Community Reinvestment Act (CRA)

- ❖ Enacted in 1977
- ❖ Aimed to address discriminatory lending or “redlining”
- ❖ Encouraged lending *and* deposit taking
- ❖ Evolving landscape

OCC Activities

- ❖ **Minority Depository Institution Advisory Committee (MDIAC)**
- ❖ **Project REACH**

Minority Depository Institutions Workstream

Issue:

Minority Depository Institutions (MDI) are critical to the economic vitality and financial wellbeing of the low-income and underserved individuals, families, and small businesses in the communities they serve, but have long faced challenges in accessing capital and meeting the needs of their customers. These challenges have caused many MDIs to close, fail, or be acquired by bigger banks. This makes the remaining MDIs even more important because they often are the only financial institution fulfilling the financial needs of their minority communities.

Minority Depository Institutions Workstream

- ❖ **The Project REACH MDI Revitalization Workstream aims to expand its work by:**
 - ❖ **Encouraging the creation of de novo MDIs through informational webinars for interested parties.**
 - ❖ **Offering MDI executives access to a REACH stakeholder's Board Effectiveness training program.**
 - ❖ **Creating a shared talent platform to help MDIs close existing talent gaps.**
 - ❖ **Connecting MDIs with core service providers to explore ways providers can help support MDIs and their critical mission.**
 - ❖ **Developing resources and technical assistance supporting MDI strategic planning and capital deployment strategies.**

Minority Depository Institutions Workstream

❖ Workstream Participants

- ❖ **The Project REACH MDI Revitalization Workstream is composed of stakeholders who are dedicated to the preservation and expansion of MDI and improving the economic vitality of the communities they serve. It is comprised of representatives from MDIs, large financial institutions, fintechs, and bank trade associations.**

Example of FDIC Minority Depository List

ALAMERICA BANK	BIRMINGHAM	AL
COMMONWEALTH NATIONAL BANK	MOBILE	AL
CITIZENS TRUST BANK	ATLANTA	GA
CARVER STATE BANK	SAVANNAH	GA
MECHANICS & FARMERS BANK	DURHAM	NC
OPTUS BANK	COLUMBIA	SC
GN BANK	CHICAGO	IL
FIRST INDEPENDENCE BANK	DETROIT	MI
COLUMBIA SAVINGS AND LOAN ASSOCIATION	MILWAUKEE	WI
LIBERTY BANK AND TRUST COMPANY	NEW ORLEANS	LA
FIRST SECURITY BANK AND TRUST COMPANY	OKLAHOMA CITY	OK
CITIZENS SAVINGS BANK AND TRUST COMPANY	NASHVILLE	TN
UNITY NATIONAL BANK OF HOUSTON	HOUSTON	TX
CITY FIRST BANK, NATIONAL ASSOCIATION	WASHINGTON	DC
INDUSTRIAL BANK	WASHINGTON	DC
THE HARBOR BANK OF MARYLAND	BALTIMORE	MD
CARVER FEDERAL SAVINGS BANK	NEW YORK	NY
TIOGA-FRANKLIN SAVINGS BANK	PHILADELPHIA	PA
UNITED BANK OF PHILADELPHIA	PHILADELPHIA	PA
ONEUNITED BANK	BOSTON	MA

OCC Supervised MDIs

Name	City	State	Total Assets (Bank) (2022Q4)	OCC Minority Group (2022Q4)
Abacus Federal Savings Bank	New York	NY	\$310,557	Asian or Pacific Islander American
Agility Bank, National Association	Houston	TX	\$57,614	Women
American Bank, National Association	Dallas	TX	\$372,209	Asian or Pacific Islander American
American First National Bank	Houston	TX	\$2,489,041	Asian or Pacific Islander American
American Plus Bank, National Association	Arcadia	CA	\$642,608	Asian or Pacific Islander American
Asian Pacific National Bank	San Gabriel	CA	\$57,366	Asian or Pacific Islander American
BancCentral, National Association	Alva	OK	\$377,319	Women
Bank of Whittier, National Association	Whittier	CA	\$181,083	Asian or Pacific Islander American
Beacon Business Bank, National Association	San Francisco	CA	\$148,117	Women
California International Bank, A National Banking Association	Westminster	CA	\$55,256	Asian or Pacific Islander American
Canyon Community Bank, National Association	Tucson	AZ	\$197,648	Asian or Pacific Islander American
Carver Federal Savings Bank	New York	NY	\$712,939	African American
City First Bank, National Association	Washington	DC	\$1,183,734	African American
Commercial National Bank of Texarkana	Texarkana	TX	\$305,800	Women
Commonwealth National Bank	Mobile	AL	\$61,329	African American
Eastbank, National Association	New York	NY	\$151,014	Asian or Pacific Islander American
Embassy National Bank	Lawrenceville	GA	\$111,370	Asian or Pacific Islander American
First National Bank Alaska	Anchorage	AK	\$5,337,737	Women
First National Bank and Trust Company	Shawnee	OK	\$814,463	Native American or Alaskan Native
First National Bank and Trust Company of Weatherford	Weatherford	TX	\$997,176	Women
First National Bank in Fredonia	Fredonia	KS	\$97,264	Women
First National Bank in Okeene	Okeene	OK	\$73,828	Women
First National Bank in Tigerton	Tigerton	WI	\$29,818	Women
First-Lockhart National Bank	Lockhart	TX	\$377,767	Women
Gateway Bank, F.S.B.	Oakland	CA	\$181,369	Asian or Pacific Islander American

OCC Supervised MDIs (cont'd)

Name	City	State	Total Assets (Bank) (2022Q4)	OCC Minority Group (2022Q4)
GN Bank	Chicago	IL	\$71,844	African American
Golden Bank, National Association	Houston	TX	\$1,530,912	Asian or Pacific Islander American
Grand Bank For Savings, FSB	Hattiesburg	MS	\$116,006	African American
Hawaii National Bank	Honolulu	HI	\$846,991	Asian or Pacific Islander American
Interamerican Bank, A FSB	Miami	FL	\$262,016	Hispanic American
KEB Hana Bank USA, National Association	Fort Lee	NJ	\$385,677	Asian or Pacific Islander American
Leader Bank, National Association	Arlington	MA	\$3,907,635	Asian or Pacific Islander American
Lone Star National Bank	Pharr	TX	\$3,060,712	Hispanic American
Mission National Bank	San Francisco	CA	\$186,374	Asian or Pacific Islander American
Native American Bank, National Association	Denver	CO	\$227,206	Native American or Alaskan Native
New Omni Bank, National Association	Alhambra	CA	\$549,989	Asian or Pacific Islander American
Ponce Bank	Bronx	NY	\$2,300,787	Hispanic American
Quantum National Bank	Suwanee	GA	\$663,593	Asian or Pacific Islander American
Southeast First National Bank	Summerville	GA	\$60,275	Women
Southwestern National Bank	Houston	TX	\$972,145	Asian or Pacific Islander American
Texas National Bank	Mercedes	TX	\$679,005	Hispanic American
Texas National Bank of Jacksonville	Jacksonville	TX	\$756,138	Women
The First National Bank of Gordon	Gordon	NE	\$319,751	Women
The First National Bank of Izard County	Calico Rock	AR	\$201,356	Women
The First National Bank of Manning	Manning	IA	\$89,770	Women
The National Bank of Malvern	Malvern	PA	\$204,656	Women
The Pauls Valley National Bank	Pauls Valley	OK	\$304,845	Native American or Alaskan Native
The Santa Anna National Bank	Santa Anna	TX	\$56,997	Women
Touchmark National Bank	Alpharetta	GA	\$341,242	Asian or Pacific Islander American
Unity National Bank of Houston	Houston	TX	\$206,417	African American
Universal Bank	West Covina	CA	\$334,499	Asian or Pacific Islander American
Woodlands National Bank	Hinckley	MN	\$336,404	Native American or Alaskan Native
Zapata National Bank	Zapata	TX	\$87,183	Hispanic American



Closing Comments by Director Rohit Chopra

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February 23, 2023



Questions?



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