

Let Us Put Our Money Together:

A History of Economic Opportunity and African American Banks



Let Us Put Our Money Together

“(W)e need a savings bank. Let us put our moneys together; let us use our moneys; let us put our money out at usury among ourselves and reap the benefit ourselves. Let us have a bank that will take the nickels and turn them into dollars.”

- Maggie Lena Walker, 1901



Minority Depository Institutions

- 51% minority ownership
- 142 total MDI banks in U.S.
 - 72 Asian or Pacific Islander
 - 32 Hispanic American
 - 20 African American
 - 17 Native American
 - 1 Multi-Racial



Texas MDIs

- 22 total MDIs
 - 13 Hispanic American – the most of any state
 - 8 Asian or Pacific Islander
 - 1 Black or African American – Unity National Bank, Houston



MDIs

- Community banks
 - Basic business of turning a community's financial resources into a source of local economic growth.
 - Community leadership in the face of challenge.



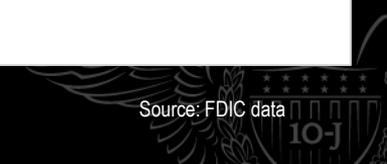
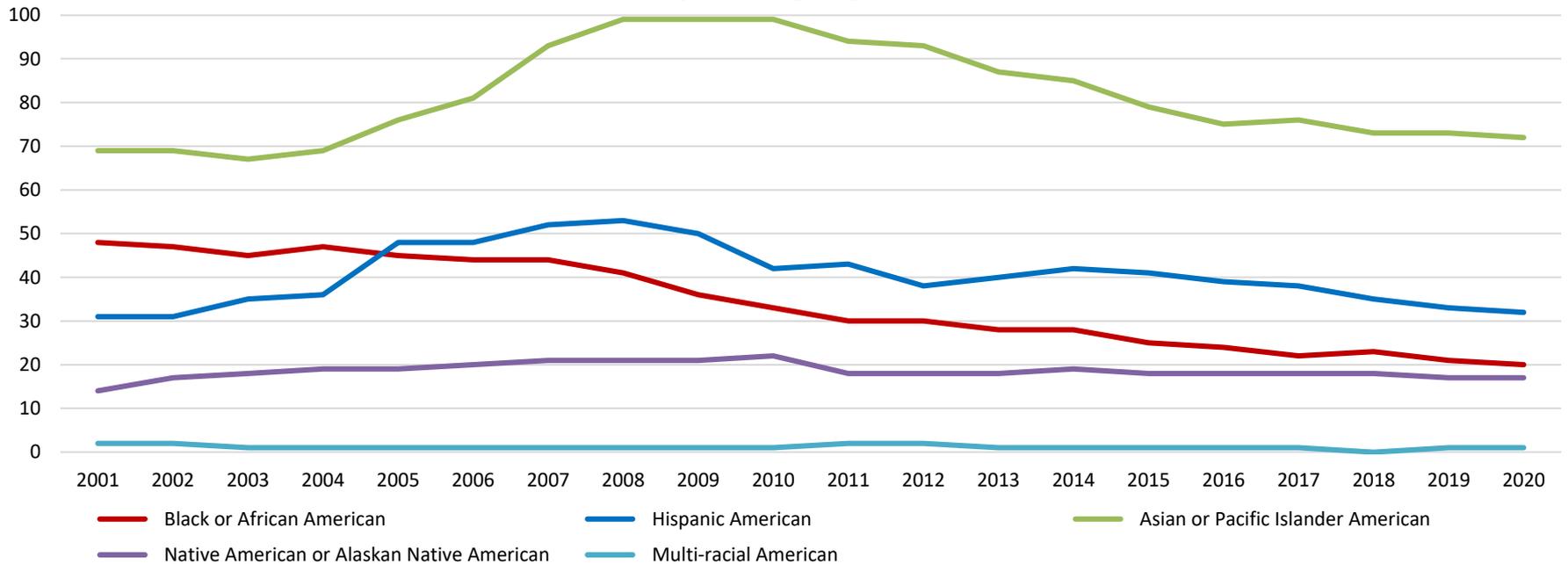
The First MDIs

- First African American: 1888
 - Capital Savings Bank, Washington, D.C.
- First Asian American: 1962
 - Cathay Bank, Los Angeles
- First Hispanic American: 1969
 - Centennial Bank of Taos, N.M.
- First Native American: 1987
 - Blackfeet National Bank, Browning, Mont.

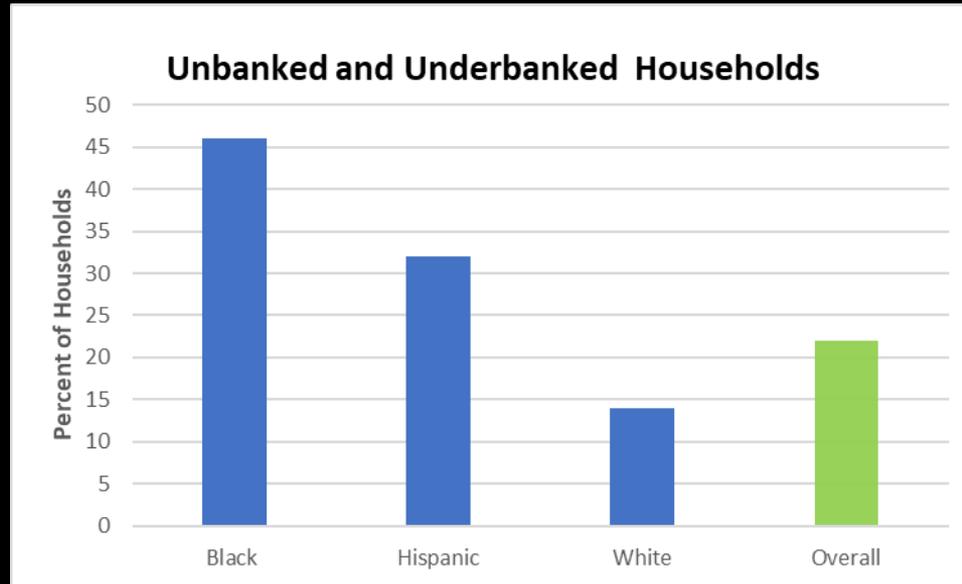


MDIs by category

MDIs by category, 2001-2020



Outside the banking system



Outside of the banking system

- Alternative Financial Services
 - Money orders, check cashing services, payday loans, rent-to-own, pawnshops, auto title loans
 - Exploitive charges for loans and services
 - Disproportionately located in minority neighborhoods



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- Savings Bank of the Grand Fountain United Order of True Reformers – *1888, Richmond, Va.*
- Capital Savings Bank – *1888, Washington, D.C.*
- Alabama Penny Savings Bank – *1890, Birmingham, Ala.*



Common characteristics

- These banks were exceptional when compared against their banking peers in three ways:
 - Vision – More than a “bank”
 - Innovation – Serving the community’s needs
 - Resilient – Withstand crisis



Black banking timeline

- Increasing number of banks through the 1920s
 - At least 57 created by 1928
- The Great Depression
 - Only 11 operational by 1960
- Civil Rights era resurgence
 - 40 banks established between 1963 and 1976



Black banking timeline

- Riverside National Bank of Houston – 1963
 - Today, known as Unity National Bank of Houston
 - First Black bank in Texas since World War I
 - “It was like threading a needle in a windstorm.”



Black banking timeline

- The 1980's financial crisis decline
 - 35 black banks closed by 1988
- The 2000s decline and the 2008 crisis



Looking to the future

- Current interest
 - Long-term sustainable support?
- Proximity – Geographic
 - Access / Use
- Proximity – Cultural
 - Shared success
 - Cultural Proximity and Loan Outcomes. *The American Economic Review*. Feb. 2017. Vol. 107, No. 2. Pp. 457-492.



Book requests

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