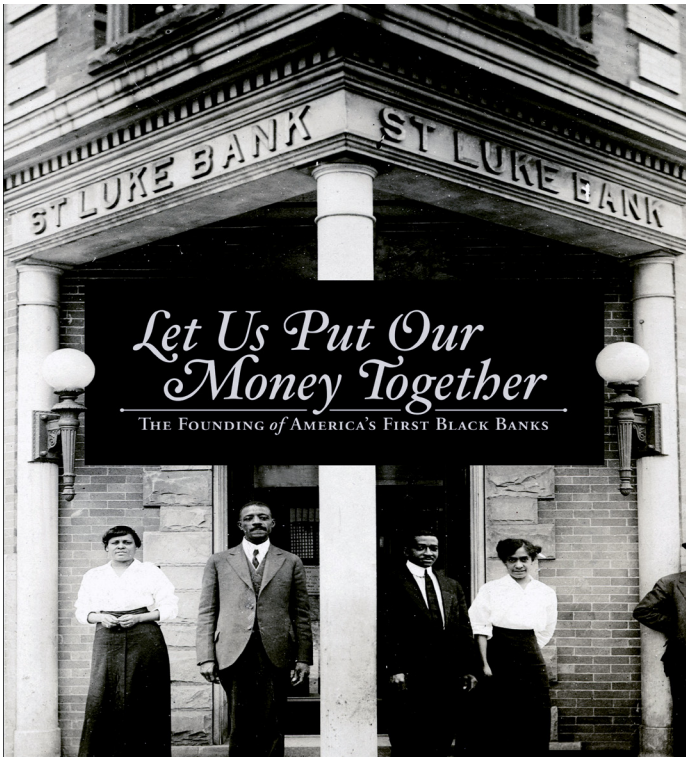




Economic Empowerment Starts With Banking Opportunities

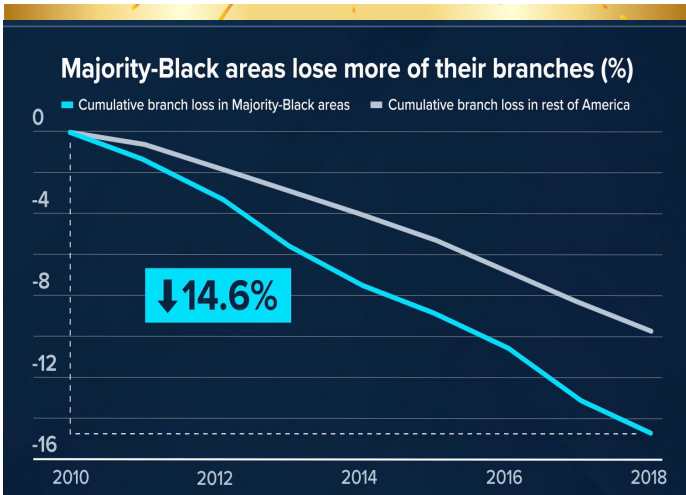


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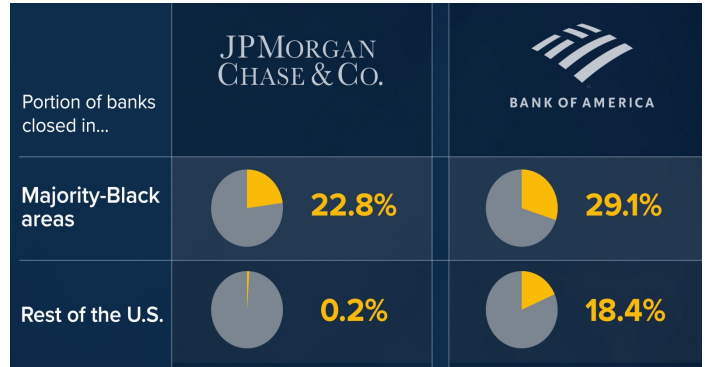
Our ancestors knew the power that resides in these six words - *“Let Us Put Our Money Together”*. For each generation, this remains an ongoing call to action and belief in the power black Americans have when we put our money together.

Until we complete this task, black Americans will remain shut out of financial opportunities like business funding, purchasing a home, or having access to banks. Unlike white communities, accessibility is a huge problem now in black neighborhoods. Out of all the races blacks have the highest number (1 out of 5) citizens are unbanked. This is no coincidence; black neighborhoods across America have experienced a troubling trend of bank closures. Over the past decade, the number of banks in black neighborhoods decreased by 14.6%.



The disparities are even starker for major companies like JP Morgan Chase and Bank of America. Within a span of eight years, JP Morgan decreased its banks in black communities by 22.8% compared to the 0.2% for the rest of America.

For the Bank of America, it was a 29.1% decrease in banks compared to the 18.4% in non-majority black communities.



What does this actually look like in terms of physical locations; as a whole, JP Morgan Chase closed a total of 55 branches and the Bank of America closed a total of 95 banks in communities of color.



Economic empowerment starts with access to banking opportunities; likewise, its vital these communities have access to basic financial tools and opportunities. Instead, they are being subjected to a troubling and continual downward trend of bank closures.

Americans who identify solely as Black or African American make up 13.4% of the U.S. population today, but less than 1% of all FDIC-insured banks are considered Black-owned.

The number of Black-owned banks has dwindled immensely over the years. Between 1888 and 1934, there were 134 Black-owned banks to help the Black community. Today, there are only 20 Black-owned banks that qualify as Minority Depository Institutions (MDIs), according to the Federal Deposit Insurance Corporation.

The Importance of Black-Owned Community Banks



Community banks are a key mechanism for serving a wide range of borrowers. For a community under any definition – be it a rural town, an urban neighborhood or an ethnic population – these banks can serve as both the catalyst and the backbone for sustained growth.

Black-owned banks offer an alternative for residents who have been consistently discriminated against by other financial institutions.

They have typically provided more money to borrowers living in low- and moderate-income census tracts in the last 14 years than other banks. Black-owned banks also are more willing to tolerate higher levels of risk than alternative institutions.

Research from 2016 reveals that 67% of mortgages made by Black-owned banks were either Federal Housing Administration (FHA) mortgages—which typically serve riskier borrowers—or mortgages held “in portfolio,” meaning they are liable to the risk of the borrower defaulting.

Additionally, Black-owned banks tend to focus their lending on small businesses, nonprofits, and Black homebuyers.

As of 2018, all Black-owned banks are community banks; these institutions are dedicated to supporting the economies of the communities that they serve. Even during difficult times, Black-owned banks have stuck by their customers.

During the 2007–2008 financial crisis, despite a 69% drop in all mortgage lending to Black borrowers, the number of mortgages that Black-owned banks provided rose 57%.



Between 2017 and 2013, purchase mortgage originations by Black banks increased 57%

Decades of systematic racism and predatory lending practices has instilled a deep fear of banks in the black community. A lot of them live in banking deserts where there are no banks, which is also why there are a lot of credit unions, check-cashing places, and payday loans.

Without Black-owned banks, countless vulnerable consumers are being forced to rely on high-interest loans from pawnshops and payday lenders for their financing.

What’s more, Black-owned banks provide customers not only access to the financial resources they need but also the chance to invest in the financial health and well-being of their community and fellow Americans.

For Black founders, the first challenge is being banked, or at least, having financial institutions in their communities. FDIC data shows that less than 46% of Black households were fully banked in 2017, versus over 77% for White & Asian households.

The history of the financial service sector weighs heavily on today’s conditions. Underwriting models and racially blind financial systems being used today may have been created with good intentions but ultimately don’t help communities already underserved by banks. In other words, just because you believe your policy isn’t racist, it was built on a legacy of racism.

Now more than ever we have a responsibility to realize that—if you really want to be grassroots, and you really want to help Black Americans. The only solution is to get money in Black banks so they can fund citizens in their community. In other words, *let us put our money together!*

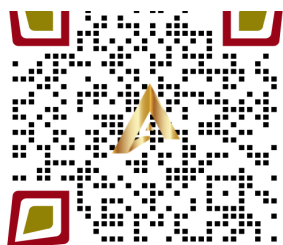
Putting Our Money Together = Economic Empowerment



QUOTE OF THE MONTH

“Empowerment is constantly challenging oneself with something difficult that tests his/her power of nerve, knack, skill, aptitude, attitude and wisdom to do things diligently, delightfully but differently”.

- Amuj Somany



Sources

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