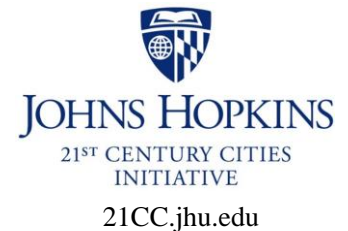


# The Importance of Minority Owned Banks in Majority-Minority Neighborhoods

Mac McComas  
Senior Program Manager  
Johns Hopkins University  
The 21st Century Cities Initiative  
[21cc.jhu.edu](http://21cc.jhu.edu)  
[MacMcComas@jhu.edu](mailto:MacMcComas@jhu.edu)



**Table 2. Banking status percentage by race/ethnicity, 2019**

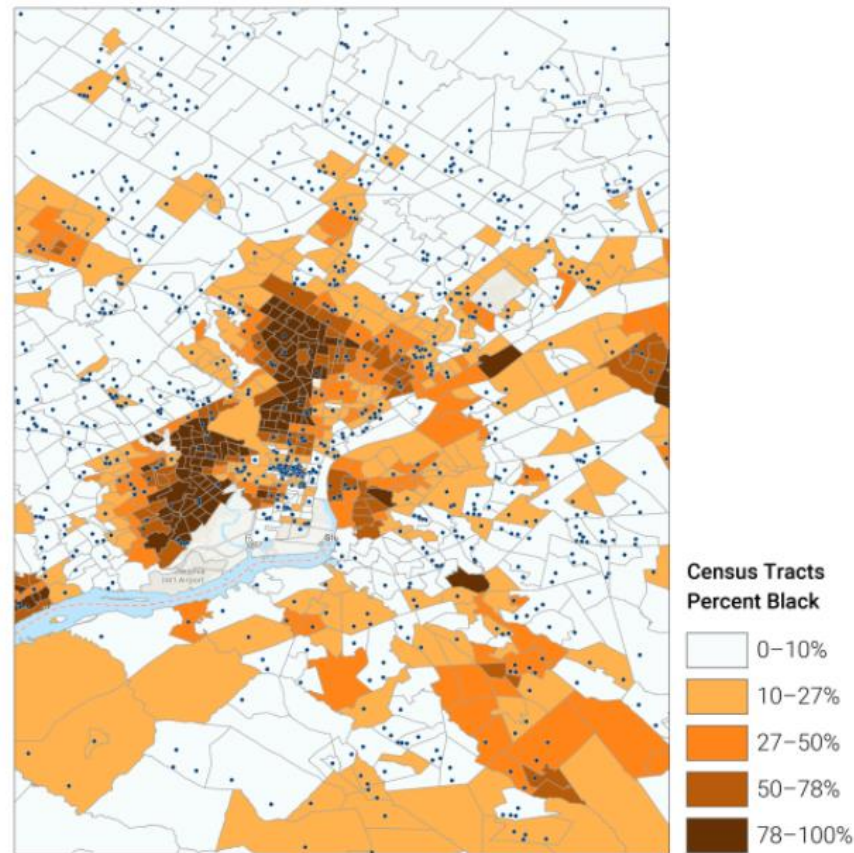
Characteristic	Unbanked	Underbanked	Fully Banked
White	3	11	86
Black	14	32	54
Hispanic	10	22	68
<b>Overall</b>	<b>6</b>	<b>16</b>	<b>79</b>

Source: Board of Governors of the Federal Reserve System

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**Figure 3. Concentration of bank branches and percent Black by Census tract**

Philadelphia, 2021



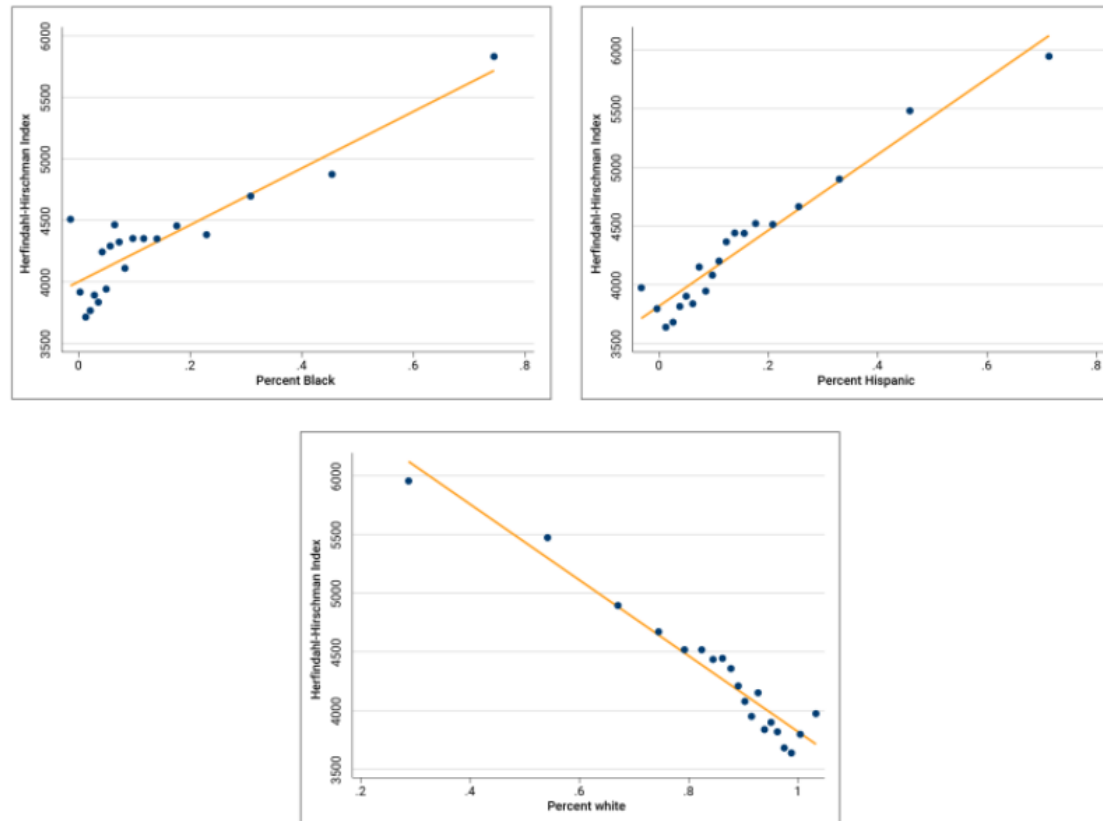
Source: FDIC Deposit Market Share Report 2021 and 2019 5-Year ACS

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# The Importance of Minority Owned Banks in Majority-Minority Neighborhoods

**Figure 1. Banking competition as measured by HHI and race/ethnicity by zip code**

Metropolitan areas with a population over 250,000, 2017

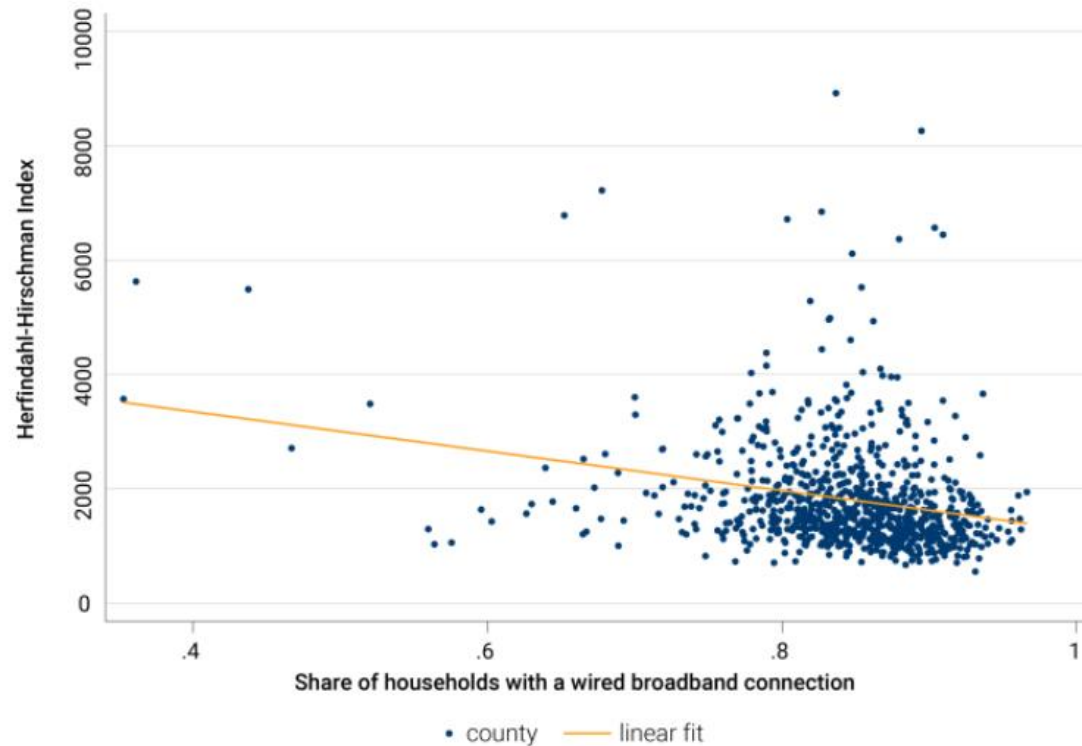


Source: FDIC Summary of Deposits 2017 and 2019 5-Year ACS. Note: The binned scatter plots include a control for the log of total population in a zip code.

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**Figure 2. Wired broadband connection and banking competition in counties, 2018**

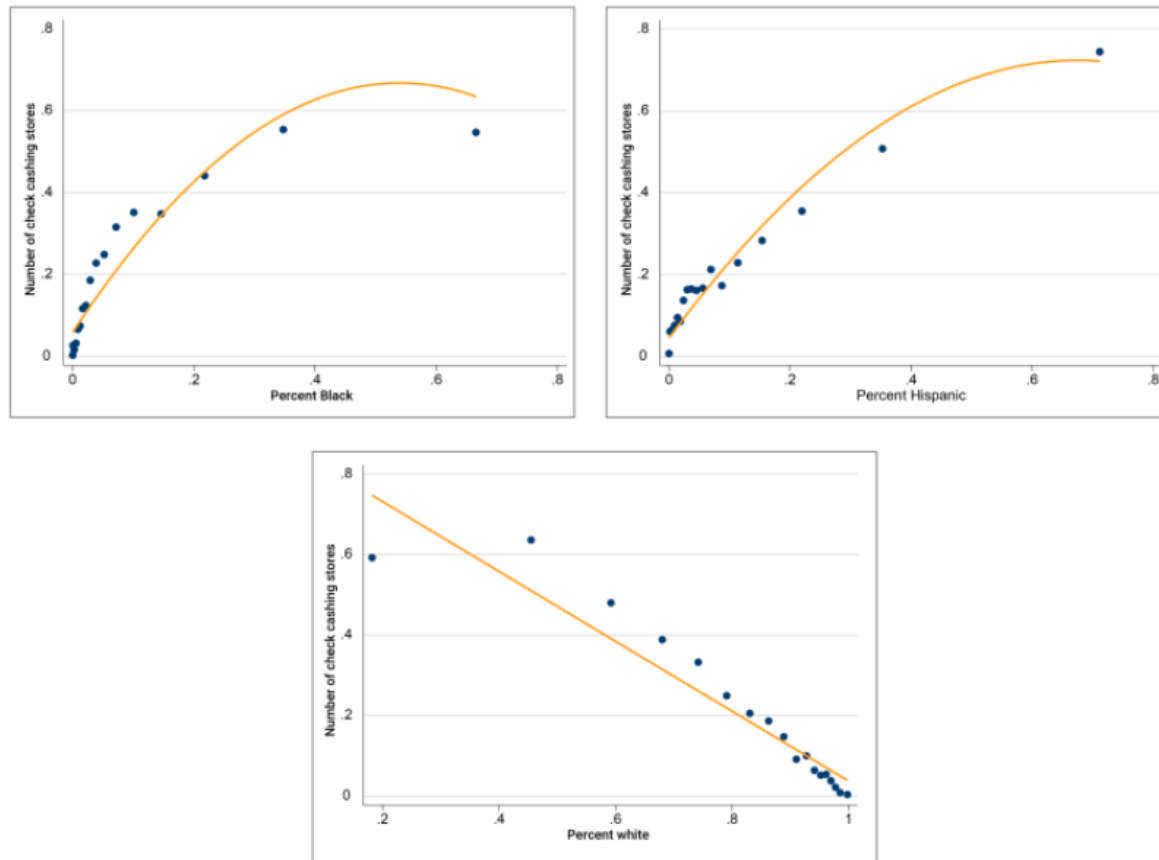
Percent of households with wired broadband



Source: FDIC Summary of Deposits 2018 and 2018 1-Year ACS

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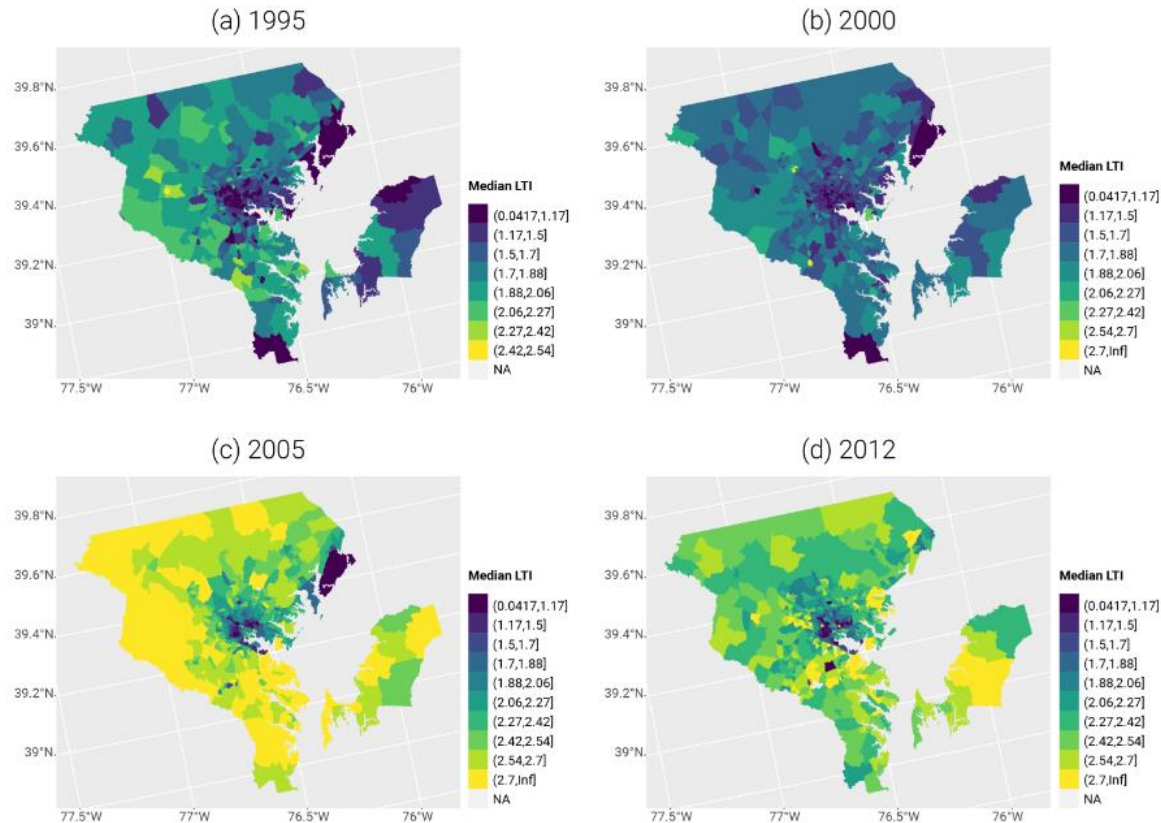
**Figure 5. Number of check cashing stores and race/ethnicity by zip code, 2019**



Source: Infogroup and 2019 5-Year ACS

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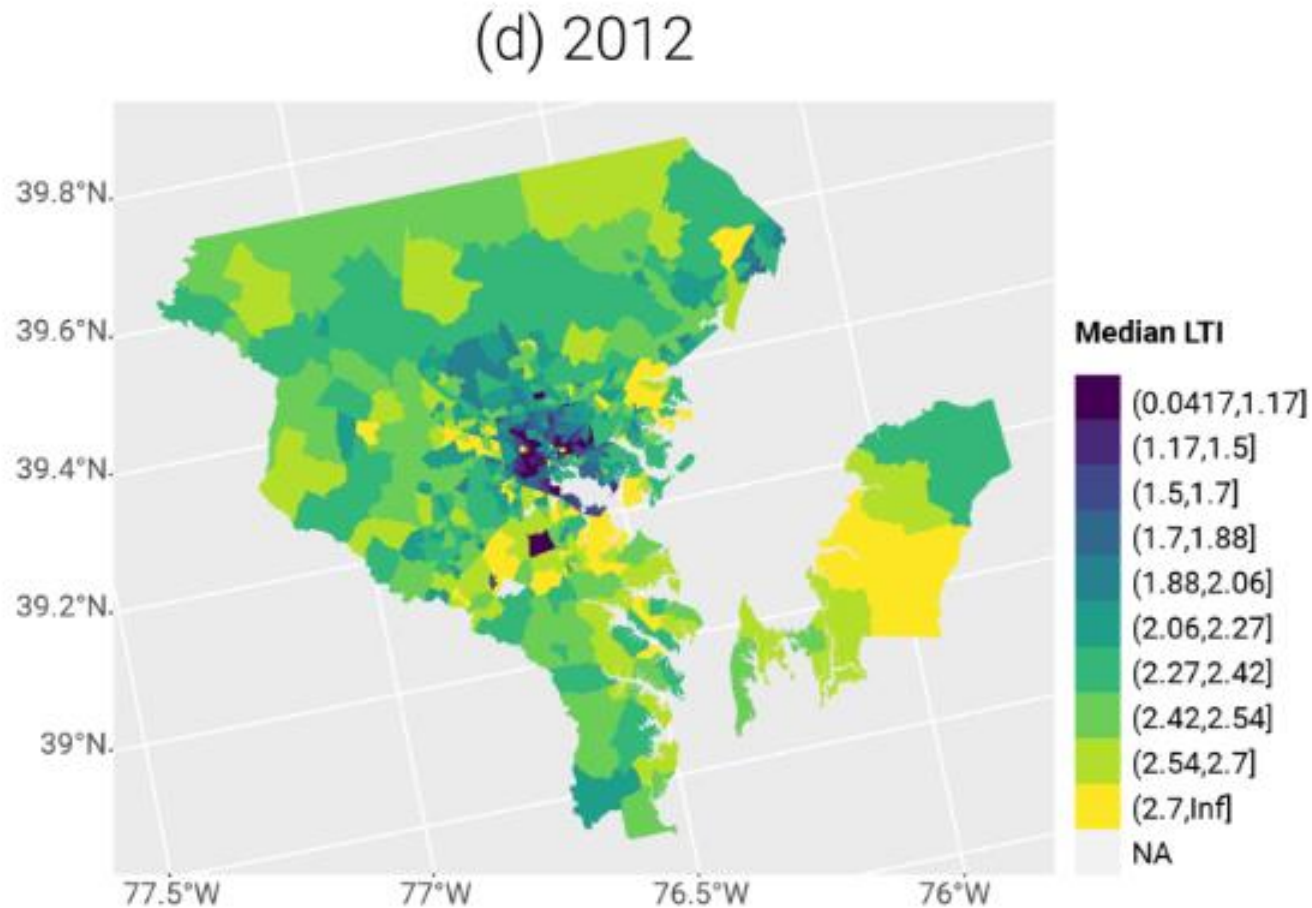
**Figure 7: Loan-to-income ratio for mortgage loans in the Baltimore Metropolitan Statistical Area, 1995 to 2012**



Source: Home Mortgage Disclosure Act, 1995-2012, Federal Financial Institutions Examination Council.

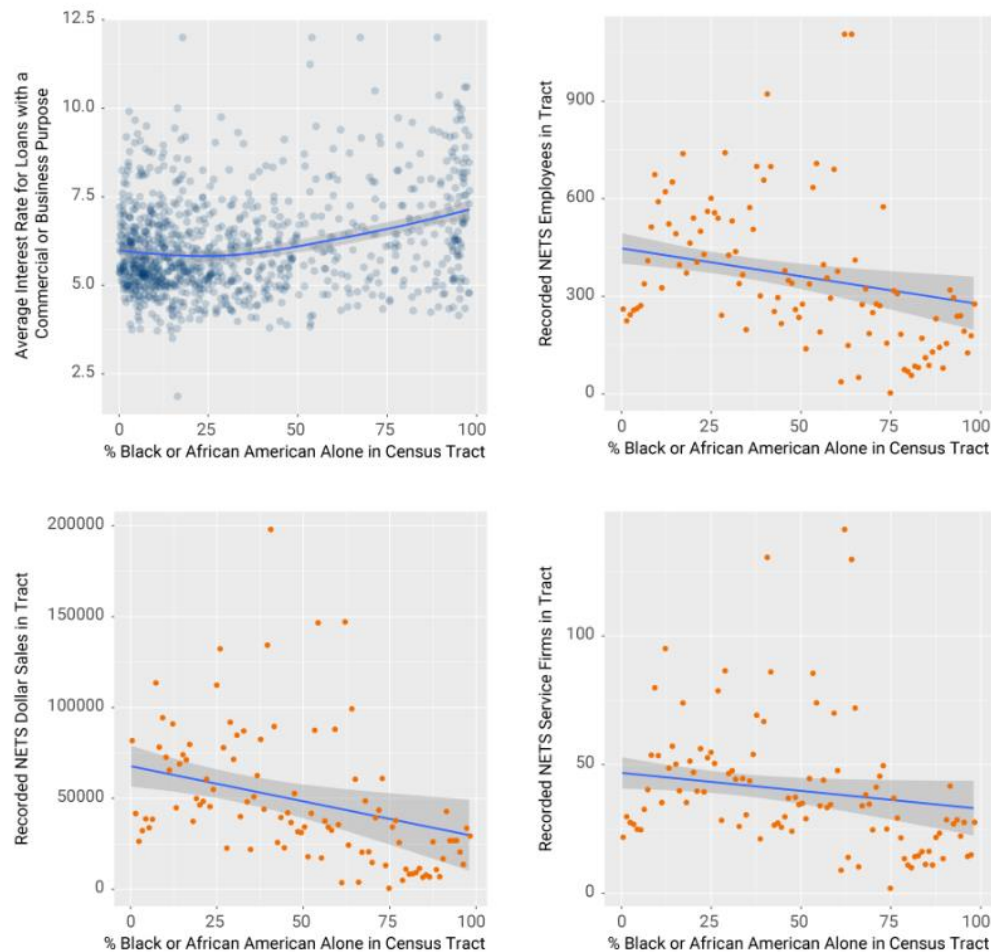
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**Figure 10: Business loans and service firms in Black census tracts**



## **Wells Fargo agrees to pay \$175M settlement in pricing discrimination suit**

By Luke Broadwater and The Baltimore Sun Published: Jul 12, 2012

“About 1,000 Baltimore-area residents are expected to receive thousands of dollars each under a landmark \$175 million settlement between the U.S. Department of Justice and Wells Fargo over accusations of discriminatory lending practices.

Under the terms of the deal announced Thursday, Wells Fargo also will provide \$7.5 million to the city of Baltimore, which federal officials credited with first raising issues of discrimination related to bank's subprime mortgages.

The city alleged Wells Fargo steered minorities into subprime loans, gave them less favorable rates than white borrowers and foreclosed on hundreds of Baltimore homes, creating blight and higher public safety costs. Wells Fargo is the largest residential home mortgage originator in the United States.”

**Table 1. Minority status of financial institutions, 2020**

Minority Status	No.	Total Assets in \$ thou.
Minority Board and Serving Hispanic Community	11	109,378,744
Minority Board and Serving Asian or Pacific Islander Community	11	87,233,249
Asian or Pacific Islander American	61	59,843,057
Hispanic American	20	19,228,390
Native American or Alaskan Native American	18	5,931,035
Black or African American	18	4,586,939
Minority Board and Serving African American Community	2	1,009,622
Minority Board and Serving Multi-Racial Community	1	164,079
<b>Grand Total</b>	<b>142</b>	<b>287,375,115</b>

Source: FDIC

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*Table 1 – Top 10 states/territories where MDIs have branches*

State/Territory	# of MDI branches	Share of all MDI branches
California	351	23%
Texas	312	20%
Puerto Rico	271	18%
New York	120	8%
Florida	82	5%
Oklahoma	62	4%
Georgia	42	3%
New Jersey	34	2%
Hawaii	28	2%
Illinois	25	2%

*Source: FDIC*

*Table 2 – Demographics by MDI minority owner/operator status*

Owner/ operator status	Branches	White	Black	Asian	Hispanic	Unemployed	Median income	Poverty rate
Non-MDIs	77,263	79%	4%	2%	7%	5%	\$35,207	10%
All MDIs	1,457	51%	4%	5%	34%	6%	\$32,285	17%
AMDI	664	37%	3%	36%	18%	5%	\$38,567	11%
BMDI	85	29%	56%	3%	6%	8%	\$30,857	23%
HMDI	610	61%	3%	0%	95%	8%	\$26,669	26%
MMDI	2	69%	3%	19%	11%	5%	\$84,635	9%
NMDI	96	69%	3%	1%	7%	6%	\$26,753	18%

*Source: 2021 5-Year American Community Survey. Note: AMDI is "Asian or Pacific Islander American", BMDI is "Black or African American", HMDI is "Hispanic American", MMDI is "Multi-racial", and NMDI is "Native American or Alaskan Native American"*

# The Importance of Minority Owned Banks in Majority-Minority Neighborhoods

Table 7 – Climate risk level by MDI status

Risk category	Level of risk	Non-MDI	MDI	Non-MDI community bank	AMDI	BMDI	HMDI	MMDI	NMDI
Flood	Low	85%	81%	86%	84%	80%	77%	94%	89%
	Medium	7%	10%	6%	10%	7%	13%	3%	5%
	High	8%	8%	8%	6%	14%	10%	3%	6%
Fire	Low	93%	91%	93%	98%	100%	84%	100%	66%
	Medium	6%	7%	5%	2%	0%	13%	0%	27%
	High	2%	2%	2%	0%	0%	3%	0%	6%
Heat	Low	32%	11%	40%	15%	8%	1%	3%	16%
	Medium	41%	43%	41%	58%	44%	11%	72%	61%
	High	27%	46%	19%	27%	47%	88%	25%	23%
Wind	Low	59%	42%	67%	60%	19%	5%	50%	79%
	Medium	27%	33%	23%	32%	61%	33%	50%	13%
	High	14%	24%	10%	7%	20%	61%	0%	8%

Source: First Street Foundation

## Unknowns and Areas for Future Research

### -Perceptions

- “How well do banks meet the needs of my neighborhood?”
- “Do financial institutions think about people like me when making business decisions?”

### -Longitudinal change

- Business dynamics over time - What happens when a business closes in my neighborhood? Does another open in its place?
- What is the relationship between neighborhood racial/ethnic change and businesses and services offered in a neighborhood?

### -Local barriers to entrepreneurship

- Who is included in local decision making? Is it an “insiders game”?
- Are we doomed to the Amazon HQ2 curse?
- What are barriers for minority entrepreneurs?
- How important are investments in neighborhood infrastructure?