

# Banks must deposit more in our community

By George E. Curry

Special to Sentinel-Voice

RICHMOND, Va. - I moderated a town hall meeting here last week for the Urban Financial Services Coalition, formerly known as the National Association of Urban Bankers. Being around so many African-American bankers inspired me to look at the industry and its relationship — or lack of one — with Black America.

It is not surprising that at such an august national gathering, all of the major financial institutions would be key sponsors: Citigroup, Bank of America, JPMorgan Chase, Wachovia Securities, Countrywide Financial, Sun Trust, and Wells Fargo, among them.

Research compiled by the Greenlining Institute, a Berkeley, Calif.-based multi-ethnic public policy organization, shows that banks are making insufficient investments in communities of color.

The institute argues that the financial services industry should be at least as diverse as President Bush's cabinet, which has two Blacks — Secretary of State Condoleezza Rice, and Alphonso Jackson, Secretary of Housing and Urban Development; two Latino members — Attorney General Alberto Gonzales and Carlos Gutierrez, Secretary of Commerce; and one Asian, Secretary of Labor Elaine Chao.

"Although the board of directors is only one segment of the banking management structure, it is a publicly available indication

that most of America's banks have a long way to go to meet even President Bush's cabinet diversity," Greenlining stated in its annual report card issued in February. "Presently, one-third or five of the president's 15 cabinet members are minorities."

It continues, "Our report demonstrates that with one exception, no bank has diversity sufficient to reflect the U.S. population or President Bush's cabinet of one-third diversity achievement."

The Greenlining Institute gave Bush's cabinet an A-minus. Only Golden West Financial, a recent acquisition by Wachovia, and Citigroup earned top grades of A-minus. Key Corp. earned a B, and Wells Fargo was awarded a B-minus instead of a C-plus because, as of this year, it is the only major financial institution that has board members who are African-American, Latino and Asian-American. PNC Financial and Countrywide received grades of C-plus. Receiving Cs were: Sun Trust and Washington Mutual. BB&T, Bank of America and Capital One Financial earned a grade of C-minus. Earning D-plus were Regions Financial, National City and Wachovia. (Wachovia appointed a second minority, but he didn't join the board until this year.) Ds were awarded to six institutions: Bank of New York, JP Morgan Chase, Metlife, US Bancorp, Fifth Third Bank and



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State Street.

Let's see how the financial institutions supported Urban Financial Services Corp., the nation's premier group of Black bankers.

The title sponsor of this year's convention was Wachovia Securities. Contributing more money than any other sponsor, Wachovia earned the right to have its name plastered on both the convention bags and the inside cover of the program book, plus it will have its CEO publicly acknowledged. Despite such firm support, as can be seen above, Wachovia earned only a D-plus on the report card. Prior to being acquired by Wachovia, Golden West Financial was the only company that tied President Bush's diversity numbers of 33 percent.

"Wachovia declined to keep any of Golden West's minority board members," the Greenlining Institute report noted. "Had Wachovia retained all of the Golden West minority board members, it would have had the second best record among banks, second only to Citigroup."

The second most supportive sponsor, in the Diamond category, was JPMorgan Chase, which earned a C on the report card. Top-ranked Citigroup, with an A-minus, was in the third funding category, Sapphire, along with Bank of America (C-), Countrywide Financial (C+), Sun Trust Bank (C) and Wells

Fargo (B-minus).

Essentially, a bank with a D-plus diversity grade was the most generous convention sponsor. The top-rated diversity bank, Citigroup, was a third-tier sponsor.

It's not enough to lump all people of color into one category; it is crucial that the plight of each group be examined separately.

Research compiled by the Greenlining Institute show that only Citigroup, Sun Trust and PNC has as many as three African-Americans on their board of directors. Wachovia has two. Everyone else except Regions Financial has only one Black on their board. Regions has no African-Americans on its 21-member board, and it is the largest of the major financial institutions. It makes good business sense to have more representative boards.

"Many experts believe diversity at the upper levels of management, such as the boards of directors, helps promote 'safety and soundness' at banking institutions," the institute states. "This occurs, in part, by attracting leaders who understand both the dangers and the profitable potential of underserved markets. In part, the present lack of diversity may help explain why there are still 56 million unbanked Americans, despite often laudable, albeit futile, efforts by banks to reach out to the unbanked."

In other words, banks pay a price for not being diverse.

George E. Curry is former editor-in-chief of NNPA News Service.

## Push to boost Black enterprise lands in Chicago

By Karen E. Pride

Special to Sentinel-Voice

CHICAGO (NNPA) - The disparity of success between African-American businesses and White-owned businesses has prompted Democratic Sen. John Kerry from Massachusetts to hold a Capitol Hill hearing to address the continuing concern.

Kerry has said he is concerned about the barriers still facing Black businesses and how to address them.

"For years, we've been hearing about the problems of access to capital," Kerry told reporters.

"And two, there is the challenge of increasing contracting opportunities within the federal expenditure chain of command."

The senator said that during the past decade, minority enterprises "have accounted for over 50 percent of the 2 million new businesses started in the United States."

He also said there are more than 4 million minority-owned businesses in the U.S., with annual sales of \$694 billion.

Kerry, who chairs the U.S. Senate Committee on Small Business and Entrepreneurship, said he wanted to hear testimony from small busi-

ness owners about the 8(a) program, which assists owners in gaining those federal contracts. The hearing was held in late May.

"We need to look at the effectiveness of that program to see if we need to update it," Kerry said.

"We need to figure out how to help people grow more effectively and transfer into a full-fledged, more mainstream business."

The city of Chicago is addressing the needs and concerns of local small and minority businesses through its Department of Business Affairs and Licenses, which was formed about two years ago.

Spokesperson Rosa Escarena told the *Chicago Defender* that one of the department's new initiatives is business education.

"We host monthly and quarterly seminars, as well as free workshops at City Hall on a variety of subjects," she said. "We believe these are essential to growing small business in Chicago."

Some of the topics range from how to start a business to how to finance and market it.

"The mayor's focus for this department was to ensure we had a single point of con-

tact for small business owners trying to obtain services from city government," said Escarena.

One new city businesswoman knows well the pitfalls of opening her own shop and the importance of doing your homework.

Tiffany Bullock, opened her House of Sole shoe boutique in the South Loop earlier this month.

A native Chicagoan, Bullock holds an MBA in finance and marketing and held a position on the Board of Governors for the Federal Reserve in Washington,

## Program pushes Wall Street diversity

Special to Sentinel-Voice

(NNPA) - A groundbreaking new program is designed to place outstanding African-American students in intern positions at some of the nation's premier financial services firms this summer and beyond, according to an announcement from the NAACP.

The NAACP and The Money Management Institute has announced the Gateway to Leadership program, which officially launched on Monday. MMI's program aims to prepare students, who are largely from Historically

D.C., before returning home to try her hand in the business world.

Being savvy and self-financed helped, but "it took a lot of work and a lot of research," she told the *Defender*. To hedge her bet on success, Bullock said, "Make sure you appeal to Blacks and others with your product. Shoes are colorblind."

In addition to helping existing small businesses, Kerry said he's recently introduced a bill to assist minorities learn the ropes of business affairs while in college.

Black Colleges and Universities for leadership roles in the financial services industry and their communities, the release states. "Without a diverse employee pool that includes minority executives and managers, and absent sincere outreach efforts and adoption of best practices that cut across racial lines in the new global environment, corporations will never be as profitable as they may hope," said NAACP Interim President and CEO Dennis C. Hayes, in a statement.

"There is value in diversity. The Gateway to Leadership experience and the relationships that are formed as a result will be immeasurable to these young people and our greater society."

Securities Industry Association's 2005 Report on Diversity, Strategy, Development and Demographics, reports that only 2 percent of the retail brokers and 3 percent of the sales force in securities firms are African-American.

The Minority Entrepreneurship Development Act of 2007 would provide grants to Historically Black Colleges and Universities, Hispanic Serving Institutions and Tribal Colleges to help train future business men and women.

Co-sponsored by Democratic Sens. Benjamin Cardin from Maryland, Mary Landrieu from Louisiana and Hillary Clinton from New York, Kerry said the bill will "get students on the business career path, provide business counseling and technical assistance."

And a mere three African-Americans hold top positions in Fortune 100 companies today, the NAACP reports.

"A distinguishing feature

Dr. Wayne Watson, chancellor of the City Colleges of Chicago, applauded Kerry's legislation, but wants to take it further.

He told the *Defender* that Black community colleges across the country have more direct contact with minority businesses and communities at large than at major universities.

"So," says Watson, "if anybody should be training people for entrepreneurship, it should be community colleges, along with HCBUs."

Karen E. Pride writes for the *Chicago Defender*.

of the Gateway program is MMI's support of a networking infrastructure to enable the student interns to communicate among themselves throughout their careers," said MMI President Christopher L. Davis in a statement.

"We'll provide social networking services to improve the communication and collaboration of students, their summer co-workers and mentors and the companies supporting the program so they can stay connected to the Gateway community for as long into their careers as they wish."