

# MINORITY DEPOSITORY INSTITUTIONS AT THE DAWN OF THE 21<sup>ST</sup> CENTURY



Wizy, stemple graniczne i inne wpisy do paszportów prawie z całego Świata

**Presentation at “Expanding the impact: Increasing Capacity & Influence – 2017 interagency MDI & CDFI bank national conference” (by FDIC, FRB, and OCC; LA, April 6, 2017)**



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[title page photos: courtesy of Osvaldo Muniz (NCGE Project)]**

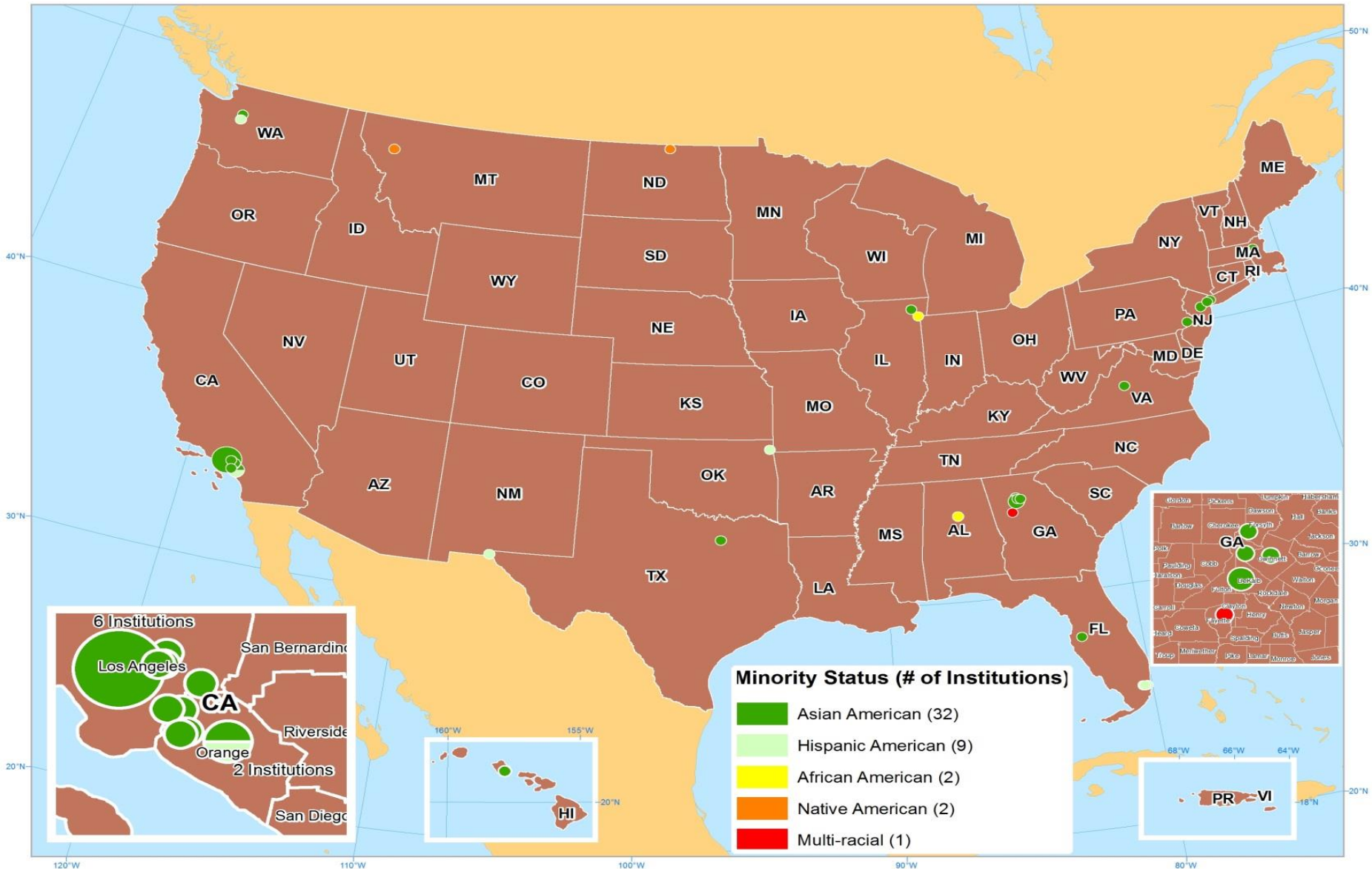


# 21th Century MDIs

Total Assets (3/31/2016)	All MDIs: 142	New MDIs*: 47	State	All MDIs: 142	New MDIs*: 47
>\$10 billion	2.5%	0.0%	CA	26.5%	42.6%
\$1 - 10 bil	12.3%	6.4%	TX	13.0%	4.3%
\$0.5-1 bil	14.2%	17.0%	FL	8.0%	10.6%
\$250-499 mil	22.8%	21.3%	NY	6.8%	4.3%
\$100-249 mil	26.5%	31.9%	OK	6.8%	2.1%
\$50-99 mil	15.4%	17.0%	GA	5.6%	12.8%
<\$50 mil	6.2%	6.4%	IL	4.3%	4.3%
Average assets	\$1.2 bil	\$350.8mil	PR	3.1%	
Total assets	\$199.8 bil	\$16.5 bil	NJ	2.5%	2.1%
			GU	1.9%	
Minority Status	All MDIs	New MDIs*	HI	1.9%	2.1%
Asian/Pacific American	48.1%	68.1%	PA	1.9%	2.1%
Hispanic American	25.3%	21.3%	AL	1.2%	
Black/African Ame	14.8%	4.3%	MA	1.2%	2.1%
Native Ame/Alaskan	11.1%	4.3%	NC	1.2%	
Multiracial American	6.0%	2.1%	NM	1.2%	
			TN	1.2%	
* established in the 21st century			VA	1.2%	2.1%
			WA	1.2%	4.3%



# New MDIs in the U.S. 2016

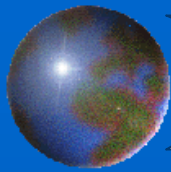




# 21<sup>st</sup> Century MDIs – top 20 cities

City	State	Total	Asian	Black	Hispanic	Native Ame	Multi-racial
<b>Los Angeles</b>	<b>CA</b>	<b>21</b>	<b>20</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Miami</b>	<b>FL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>Chicago</b>	<b>IL</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Rowland Heights</b>	<b>CA</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Irvine</b>	<b>CA</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Buena Park</b>	<b>CA</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Arcadia</b>	<b>CA</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>San Gabriel</b>	<b>CA</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>DULUTH</i></b>	<b><i>GA</i></b>	<b><i>4</i></b>	<b><i>4</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>SUWANEE</i></b>	<b><i>GA</i></b>	<b><i>4</i></b>	<b><i>4</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Edison</b>	<b>NJ</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fort Lee</b>	<b>NJ</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cerritos</b>	<b>CA</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Torrance</b>	<b>CA</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Coral Gables</b>	<b>FL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Hialeah</b>	<b>FL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b><i>DORAVILLE</i></b>	<b><i>GA</i></b>	<b><i>3</i></b>	<b><i>3</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Arlington</b>	<b>MA</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>New York</b>	<b>NY</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Dallas</b>	<b>TX</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



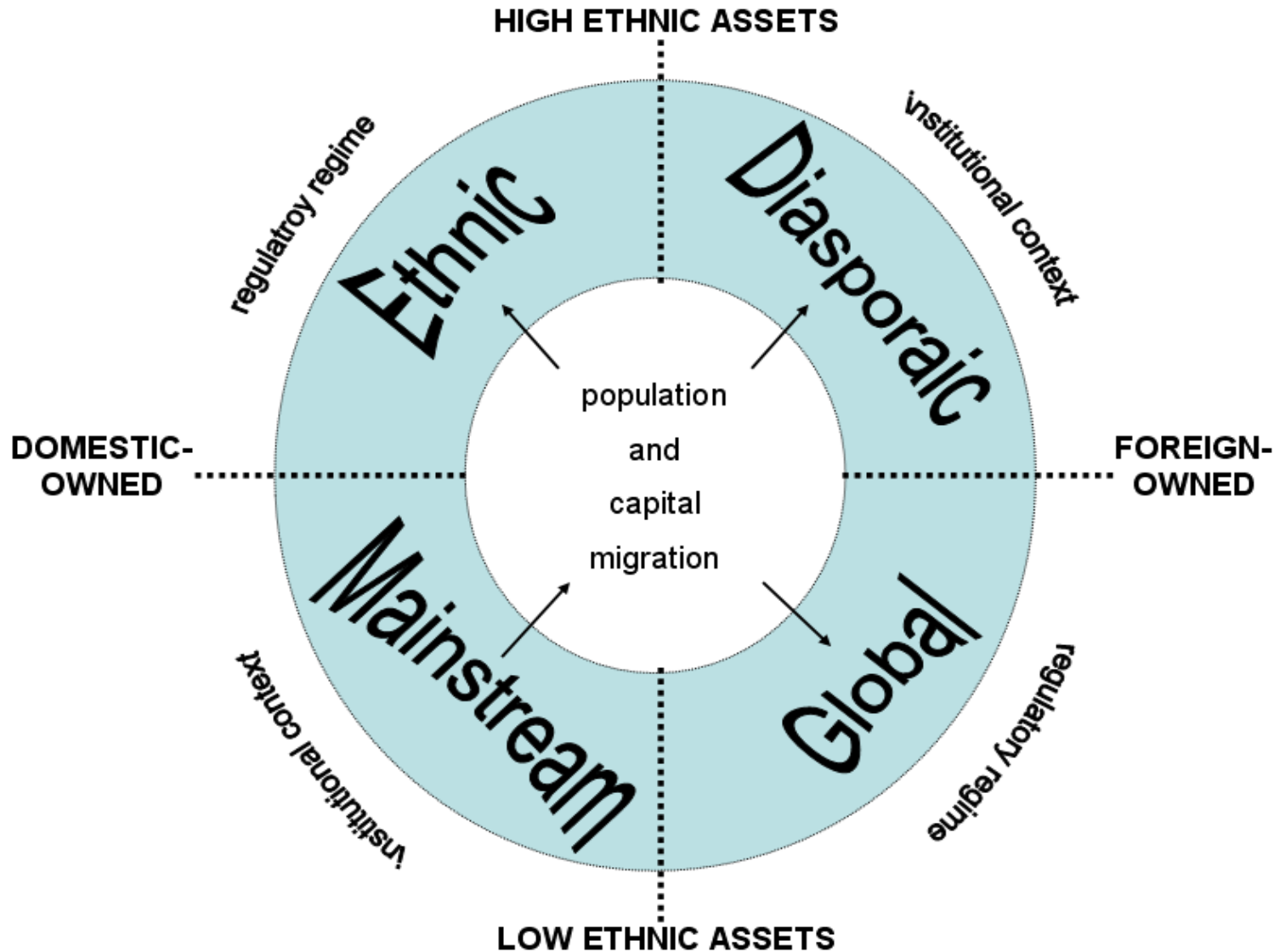


# Banking on Immigrants

'Ethnic Assets' (Dymski & Li 2004) -

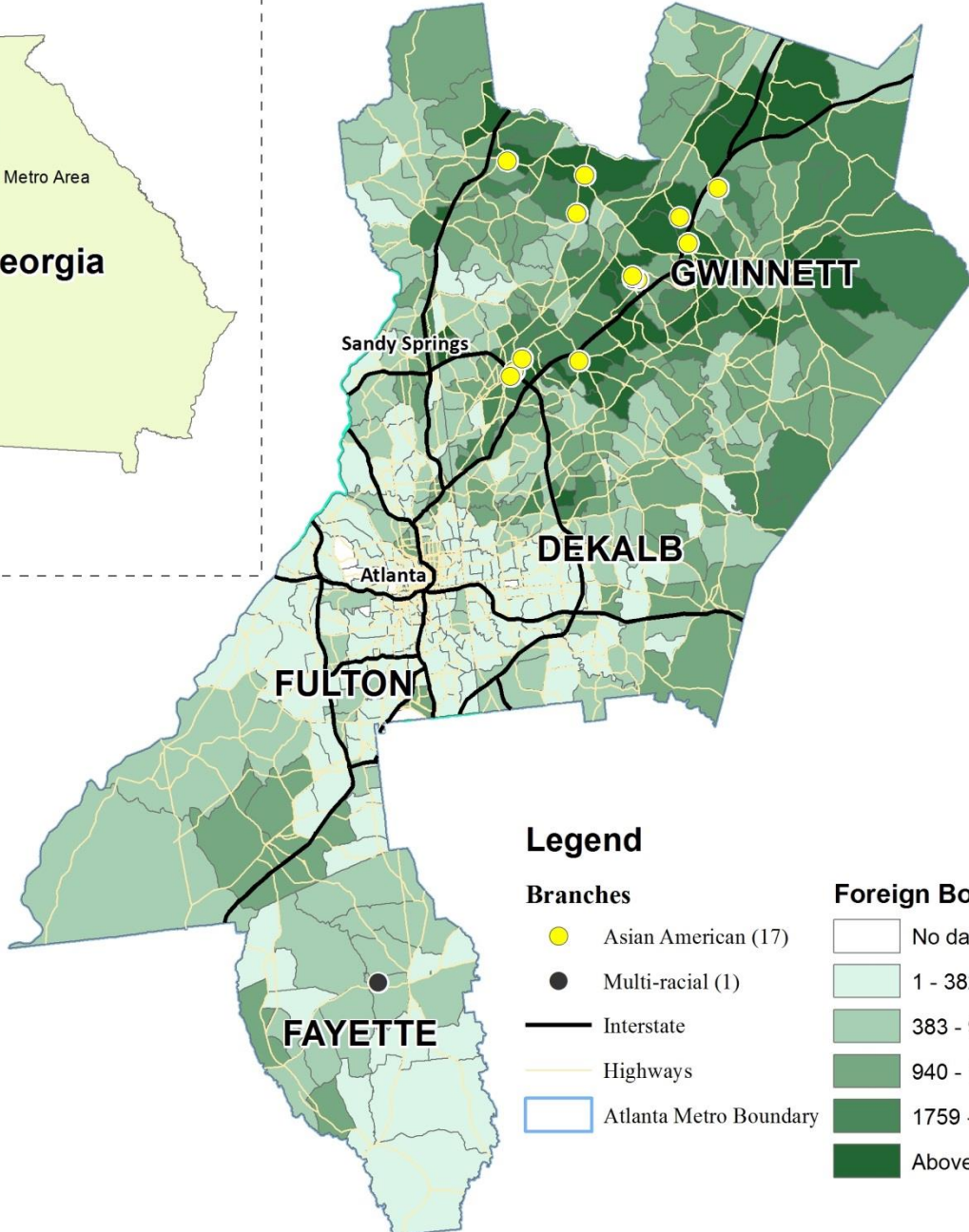
familiarity  
with  
Immigrants  
/ minorities'

- (native) language
- cultural tradition
- business practice





# Atlantic Metro New MDIs & Foreign-born Pop



### Legend

#### Branches

- Asian American (17)
- Multi-racial (1)
- Interstate
- Highways
- Atlanta Metro Boundary

#### Foreign Born

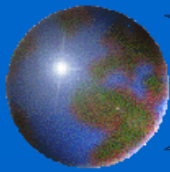
- No data
- 1 - 382
- 383 - 939
- 940 - 1758
- 1759 - 2900
- Above 2900

## Nationality of Six Largest Foreign-Born Groups

### Gwinnett County

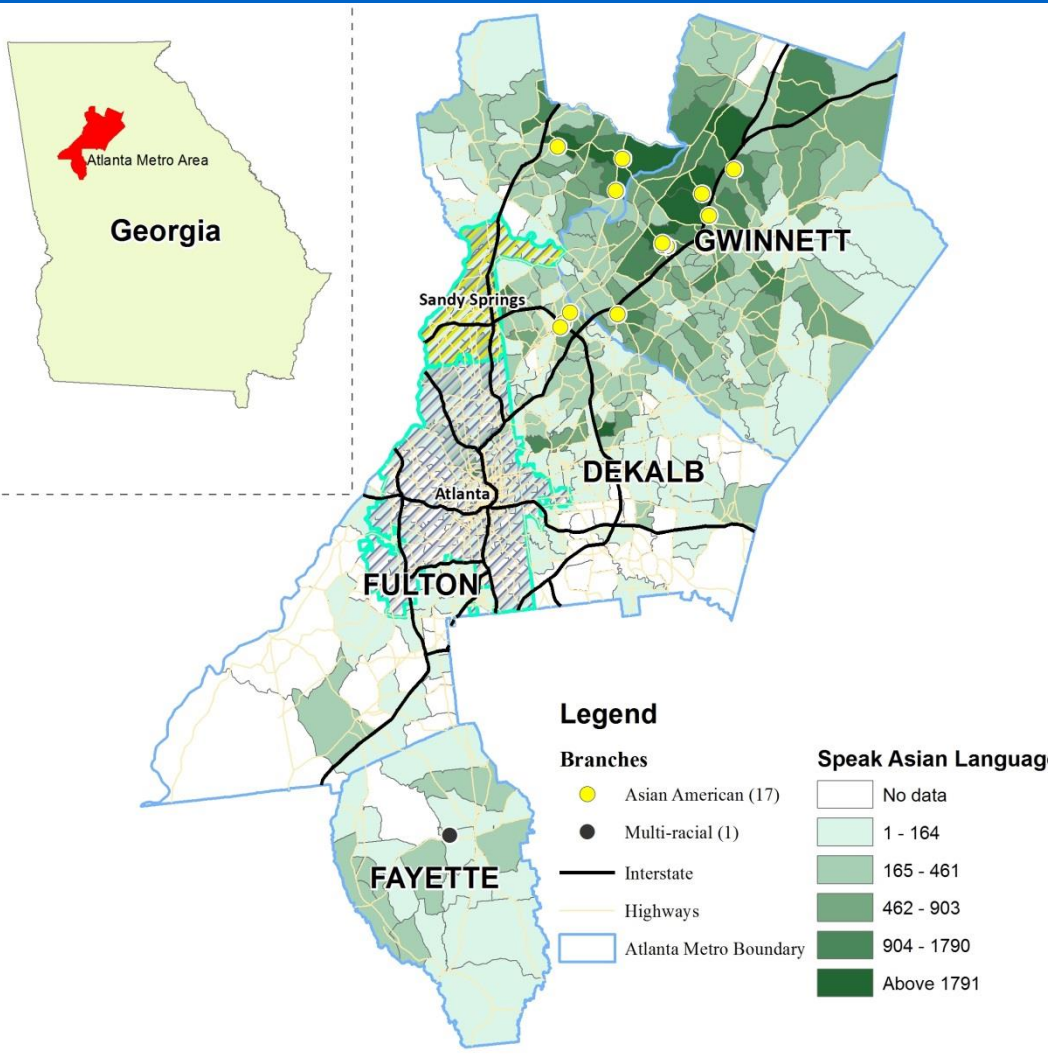
Mexico	45,537	22.0%
So. Korea	16,958	8.2
India	13,021	6.3
Vietnam	11,976	5.8
El Salvador	9,696	4.7
Jamaica	8,122	3.9
<b>Total Foreign-born</b>	<b>206,816</b>	

Jaret, Charles (2017) "Atlanta's Potential Immigrant Voters: Where Are they, who are they, and how is their English?"



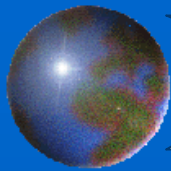
# Atlantic Metro New MDIs & Asian Language

English capacity among those with Asian language spoken in home in the 6-county Atlanta Metro Area



Language Spoken in Home	# People (age 5+) in Homes Where a Language Other than English is Spoken	# and % Who Speak English "Very Well"	# and % Who Speak English Less Than "Very Well"
Hindi/Gujarati	28,358	21,824 77.0%	6,534 23.0%
Chinese	33,768	16,623 49.2%	17,145 50.8%
Korean	33,077	13,587 41.1%	19,490 58.9%
Vietnamese	32,169	11,202 34.8%	20,967 65.2%

Jaret, Charles (2017) "Atlanta's Potential Immigrant Voters: Where Are they, who are they, and how is their English?"



# **Banking on Minorities/Immigrants**

- **Impacts of global financial situations and global money flows –**
  - why Asian MDIs boomed in 2000s
  - only one new MDI emerged in the 2010s
- **Globally connected and/or locally embedded – differential strategies**
- **Building/utilizing ethnic assets – serve co-ethnics v branch out**





# Opportunities & challenges for MDIs

**Community size and affluence**

**Competition with mainstream or diaspora banks**

**Ethnic assets & niche market / geographic concentration**

**Constraints in branching out / small branch network**

**Character loans → Relationship banking**

**Limits in retaining co-ethnic clients**

**Transnational connections**

**State regulations**

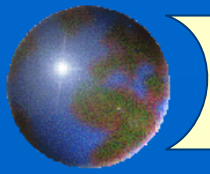
## **% MDIs as CDFIs**

**Asian Ame:13.8**

**Black:87.5**

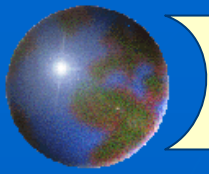
**Hispanics:7.7**

**Native Ame:18.2**



# **Policy Implications**

- 1. Training regulators to be more familiar with the culture of MDIs and their clienteles;**
- 2. developing flexible policies (not one-size-fit-all) to ensure MDIs are financially sound and socially responsible;**
- 3. establishing inter-agency federal MDI advisory board (regulators, academics, minority consumers/entrepreneurs and NGOs, and those who have both MDI and federal regulator experiences) and**
- 4. diversifying federal regulatory boards / decision-makers to be more reflective of MDIs themselves and the clienteles they serve**



# A community banker:

*“All these talks about Wall Street and Main Street. This is not my focus. My focus is **COMMUNITY STREET**: it’s small businesses, medical clinics, social service organizations around here, and how can we keep them open in business. It’s challenging, we’re out there in it.”*

