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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

December 13, 2021

The Honorable Jelena McWilliams
Chairperson
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Mr. Michael J. Hsu
Acting Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Dear Chair McWilliams, Chair Powell, and Acting Comptroller Hsu:

Minority Deposit Institutions (MDIs) play an essential role in meeting the financial needs of communities underserved by large banks. For generations, the financial system has denied communities of color equal access to the credit and banking services that allow families to build wealth and pursue opportunity. MDIs are an essential counterweight to these longstanding inequities. MDIs have a larger footprint and originate more loans in minority and low- or moderate-income communities,¹ and thus help make financial services available to every American regardless of income, race, gender, or geography.

Yet, the number of these critical institutions continues to decline, and as you know, the Federal Deposit Insurance Corporation (FDIC) is poised to auction off its controlling stake in Alamerica Bank.² While Alamerica has long been Black-owned, the auction is likely to end the bank's minority ownership, reducing the already small number of Black-owned banks serving consumers. Alamerica represents an opportunity to preserve Black-owned banking, and we

¹ Federal Deposit Insurance Corporation, *Minority Depository Institutions: Structure, Performance, and Social Impact 55-59* (2014), <https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2014-vol8-3/mdi-study.pdf>.

² John Reosti, *FDIC Selling Controlling Stake in Black-Owned Bank*, *American Banker* (Dec. 1, 2021), <https://www.americanbanker.com/news/fdic-selling-controlling-stake-in-black-owned-bank>.

should not allow the bank's rare and important status to slip away. The FDIC has recognized the imperative to preserve MDIs' minority character in resolution proceedings.³ The FDIC should make every effort to sell its Alamerica shares to another Black-owned financial institution.

We need stronger action at all of the federal banking agencies to ensure that MDIs survive and continue to thrive so that the communities they serve can participate in our financial system and economy. Congress requires your agencies to preserve and promote MDIs under Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). While we are encouraged by your agencies' commitments to support MDIs, a one size fits all approach to supervision and oversight of these institutions does not take into account the unique obstacles that MDIs and their communities face. Your agencies must do more to understand these challenges and ensure that all MDIs can access the essential programs intended to support their success, like the Emergency Capital Investment Program passed in the bipartisan Consolidated Appropriations Act of 2021.

We encourage your agencies to work with MDIs and their communities so that our banking system works for everyone. We need more MDIs and Black-owned banks, not fewer, and we applaud the recent steps in Columbus, Ohio to establish Adelphi Bank, which would be Ohio's only Black-led bank and the twenty-first nationwide.⁴ Adelphi will serve the unmet needs of minority and low-income consumers in Columbus, and we are hopeful that similar efforts will stand up new MDIs elsewhere in Ohio and across the country. Regulators must do everything in their power not only to preserve and promote MDIs, but also ensure that they have the support and resources they need to be successful.

Thank you for your attention to this important matter.

Sincerely,



Sherrod Brown
Chairman
Committee on Banking, Housing and Urban
Affairs



Reverend Raphael Warnock
Chairman
Subcommittee on Financial Institutions and
Consumer Protection

³ See Statement of Policy Regarding Minority Depository Institutions, 86 Fed. Reg. 32,728, 32,734 (Jun. 23, 2021).

⁴ Allissa Kline, *Inside the Effort to Open a Rare Black-led Bank*, American Banker (Nov. 17, 2021), <https://www.americanbanker.com/news/inside-the-effort-to-open-a-rare-black-led-bank>.