

PROGRESS THROUGH PARITY: HOW MINORITY BANKS CHANGED THE FINANCIAL LANDSCAPE

KYLE WERNIMONT, FEDERAL RESERVE BANK of KANSAS CITY

TEACHER INTRODUCTION:

This lesson is a complement to the Federal Reserve Bank of Kansas City's publication, *Let Us Put Our Money Together: The Founding of America's First Black Banks* by Tim Todd. The book centers on the history of black-owned and run financial institutions throughout the United States. These institutions, also called Minority Depository Institutions (MDIs), provide financial opportunities for individuals and businesses within minority communities. The book, free and available by request through the Kansas City Fed website, <https://www.kansascityfed.org>, also details early successes and failures of MDIs as they sought to offer a more equal distribution of financial wealth and economic opportunity for minorities. For more about the Bank's diversity and inclusion resources and efforts, visit <https://www.kansascityfed.org/aboutus/kcfedinformation/diversity>.

LESSON DESCRIPTION:

In this lesson, a complement to the Federal Reserve Bank of Kansas City's *Let Us Put Our Money Together: The Founding of America's First Black Banks*, students will examine primary source documents and non-fictional reading about the history and unique role of the first Black-owned and operated financial institutions in the U.S., also called Minority Depository Institutions (MDIs). Students will analyze how financial institutions impact the communities they serve, as well as their influence within a struggling economy and in promoting economic growth. Through both individual and group activities, concepts related to functions of financial institutions will be reinforced and students will evaluate how MDIs support financial equity and opportunity for individuals and businesses. Students will also apply critical thinking, creativity and presentation skills to interpret historical text and design their own public service announcement to demonstrate the effectiveness of MDIs within the community.

GRADE LEVEL: 9-12, college

CONCEPTS: Financial institutions, Minority Depository Institutions (MDIs), credit, bank run

OBJECTIVES:

Students will be able to:

1. Explain the role of financial institutions in addressing the financial needs of their community.
 2. Summarize how Minority Depository Institutions (MDIs) differ from other financial institutions and functioned in economic recessions.
 3. Demonstrate how figures like Maggie Lena Walker influenced the banking system and businesses through their leadership and service.
 4. Compare how Minority Depository Institutions (MDIs) and the first black-owned and operated financial institutions affected the economic equity of individuals and businesses.
 5. Evaluate the unique contributions of Minority Depository Institutions (MDIs) to the banking system and their local economy.
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TIME REQUIRED: 90 minutes

MATERIALS:

- Visual 1: Freedman's Deposit Book

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- Visual 2: What is a Bank Run?
 - Visual 3: St. Luke Penny Savings
 - Visual 4: Minority Depository Institutions in the U.S.
 - Handout 1: Imagine a World Without Banks, one for each student
 - Handout 2: Banking Panics, one for each student
 - Handout 3: Maggie Lena Walker and Her Legacy, one for each student
 - Handout 4: Public Service Announcement (PSA) for MDIs, one for each student
 - Handout 5: Reflections of an Author, one for each student (for extension activity only)
 - *Walker Leaves a Lasting Legacy* article, available at https://www.richmondfed.org/~media/richmondfedorg/publications/education/maggie_walker/pdf/mwalker.pdf
 - *Moving Through History: The Founding of America's First Black Banks* podcast, available at <https://www.kansascityfed.org/en/publications/aboutthefed/letusputourmoneytogether> (for extension activity only, running time 37:12 minutes)
 - Blank sheet of paper and writing utensil for each student
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DAY ONE PROCEDURE:

Teacher Note - For additional resources related to the first black banks in America or the effect of banks on their communities, visit the following resources:

- *Let Us Put Our Money Together: The Founding of America's First Black Banks*
<https://www.kansascityfed.org/publications/aboutthefed/letusputourmoneytogether>

1. Ask students the following:
 - Do financial institutions provide a good or a service? (*Answer: service*)
 - What is the role of a bank within a community? (*Answers will vary, but may include offering savings and checking accounts, providing loans and credit to individuals and businesses and helping people accrue interest on their deposits*)
 - What do financial institutions provide in smaller or more rural communities that those populations may not have access to otherwise? (*Answer: the ability to provide access to loans, savings accounts and other financial services that may not be available through larger financial institutions, yet can increase that community's economic stability*)
2. Explain that **financial institutions** are businesses that provide services to make deposits to or withdrawals from an account, take out a loan, invest, or exchange currency.
3. Tell students that financial institutions include banks and credit unions and that they both can provide loans on **credit**, or the promise of payment at a future time in return for goods/services now.
4. Explain that this is usually how banks help small business owners and individuals looking to buy their first home achieve their financial goals.
5. Ask students to find a partner to discuss their opinions regarding the following questions:
 - What might the economic impact be if these businesses served only certain members of their community and not others? (*Answers will vary, but may include: lack of new businesses, financial stress in areas that aren't being served, etc.*)
 - In what ways can these businesses help their community when the economy isn't doing well? (*Answers will vary, but may include providing loans for new homes and/or businesses, giving depositors a safe method to save/protect their money and gain interest on their deposits*)
6. After a few minutes, discuss student responses to the questions as a class by asking a few students to share what they talked about with their partner.
7. Distribute Handout 1: Imagine a World without Banks to every student.
8. Divide students into small groups with one question to answer from the handout. Let students know that they should be prepared to share their responses with the class.

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9. After 5 minutes, review possible answers and discuss ways that banks address the various financial and economic needs of their community.
10. Display Visual 1: Freedman's Deposit Book and tell students that after the Civil War, some banks were designed and operated to support the communities of newly freed Blacks in America.
11. Explain that these institutions were established to provide financial opportunity and equity to both individual depositors and businesses.

Teacher's Note: If more context is needed, share that equity is when there is a more equal distribution of goods and services among citizens.

12. Review Visual 1 with students, pointing out details about the deposit book, including but not limited to:
 - The institution name and location
 - When and how it was incorporated
 - Who Freedman's Savings and Trust was designed to serve
 - The services provided by the institution
 - How deposits were tracked/handled
13. Ask students the following:
 - How long do you think the average bank lasted during the late 19th and early 20th centuries? (*Answers will vary*)
 - Do you think the first Black banks in the United States lasted shorter or longer than other banks? Why or why not? (*Answers will vary*)
14. Explain that during the late 19th and early 20th centuries, the average lifespan of a bank was around 5 to 8 years, but the average lifespan of the first three Black banks in the United States was about 20 years.
15. Ask students why they think this was the case. (*Answers will vary*).
16. Tell students that many of the financial institutions that operated during this time were usually acquired by a larger bank or failed during an economic recession due to many depositors withdrawing their deposits at one time, also known as a **bank run**.
17. Display Visual 2: What is a Bank Run? and ask students to read it silently. Encourage students to think about the functions of a bank as they read the excerpt.
18. While students are reading the visual, distribute Handout 2: Banking Panics to every student.
19. Ask students to work in their same small groups to answer the questions on the handout. Students may refer to the visual as needed.
20. Allow 10 minutes for this activity, then review student's answers as a class using Handout 2: Banking Panics Answer Key.

Teachers note: When reviewing question 4, explain that when a financial panic hit these communities, it would very often disrupt the flow of money between businesses and banks, which would then affect the ability of businesses to get money to their laborers for pay.

21. Display Visual 3: St. Luke Penny Savings and explain that frequent recessions did not affect all financial institutions equally and that the bank pictured was one of the banks that withstood several economic downturns, providing key functions like access to credit and holding deposits.
22. Ask students what they can observe about this institution based on the photo. (*Answers will vary*)
23. Point out to students that the leader and founder of this bank was a woman named Maggie Lena Walker.
24. Explain that after helping with an organization that provided financial assistance to members of her community, she eventually chartered St. Luke's Penny Savings Bank in Richmond, Virginia in 1903 and was a long-time proponent of establishing a savings bank for Black Americans at the time.
25. Tell students that they will delve further into the impact that Maggie Lena Walker had on banking and her community in the next activity.
26. Distribute Handout 3: Maggie Lena Walker and Her Legacy to each student

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27. Ask students go online to read the article that is referenced in the instructions on their handout. Tell them to complete the handout after reading the article.

Teachers note: If student's do not have online access during class, print Walker Leaves a Lasting Legacy for each student from https://www.richmondfed.org/~media/richmondfedorg/publications/education/maggie_walker/pdf/mwalker.pdf.

28. After 10 minutes, ask students to share their answers with a partner and discuss any differences between their responses.
29. After about 5 minutes, invite volunteers to share their responses to each question, allowing for multiple students to respond to each question.
30. Inform students that today, banks like St. Luke's would be classified as a **Minority Depository Institution**, or an **MDI**. Explain that these are defined as a federally insured depository institution for which either 51 percent or more of the voting stock is owned by minority individuals, or a majority of the board of directors is minority and the community that the institution serves is predominantly minority.
31. Display Visual 4: Minority Depository Institutions in the U.S. and ask students the following questions:
- Which minority groups are represented on the map? (*Answer: Asian Americans, Hispanic Americans, Black/African Americans and Native Americans*)
 - Where are large concentrations of MDIs located? Why might this be the case? (*Answer: Many are located near urban areas and cities, which can be seen on the east coast especially; responses will vary*)
 - Based on what you've learned through the lesson, how might these institutions affect the people they serve and economic conditions in those communities? (*Answer: living in those areas and their access to financial opportunities like loans and savings deposits can help provide financial stability and opportunity to the people living in those areas*)

DAY ONE CLOSURE:

32. Ask students to take out blank paper and a writing utensil to write down their definition of Minority Depository Institutions and an answer to the following questions:
- Define MDIs (*Answer: a federal insured depository institution for which 51 percent or more of the voting stock is owned by minority individuals or a majority of the board of directors is minority and the community that the institution serves is predominantly minority*)
 - Historically, how have MDIs differed from other financial institutions? (*Answer: they have served communities that may not have had the same level of financial equity as other groups within the US or otherwise*)
 - What are some of the services provided by financial institutions? (*Answer: lines of credit for both businesses and citizens as well as the ability to take in savings from depositors which can accrue interest over time*)
 - What can happen to a community when financial institutions aren't readily accessible? (*Answers will vary, but should include how a lack of access to lines of credit can cause financial stress and economic inequity within a community*)
33. After 10 minutes, introduce the PSA activity by distributing Handout 4: Public Service Announcement for MDIs.
34. Inform students that they will create a video, podcast or other form of media-based presentation that answers the following questions:
- How do MDIs impact their local economy? (*Answers will vary, but may include their ability to serve communities that may not have had similar financial equity*)
 - How are MDIs different from other financial institutions? (*Answer: they are owned by a group identified as an ethnic minority and may also serve a community predominately occupied by people of that same group*)
 - In what ways do financial institutions impact their local economy? (*Answer: they provide access to lines of credit and interest from depositors to increase financial stability across a community*)
35. Let students know that they should use examples from the lesson to support their answers and should also develop a script or text to accompany their PSA that also answers the questions.
36. Tell students that their PSA should last between 1.5 – 2 minutes in length.

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DAY TWO PROCEDURE:

37. Ask students the following questions:

- How would you define the following terms: financial institutions, credit, and bank run? (*Answers: a financial institution is a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange; credit is a promise of payment at a future time in return for goods/services now; and a bank run is when many or a majority of depositors in a bank rush to withdraw their money at one time due to fear of that bank's collapse*)
- How do individuals benefit from financial institutions in their community? (*Answers will vary, but should include mentioning access to things such as deposits for savings and lines of credit for both businesses and citizens*)
- What is a minority depository institution and who are they designed to serve? (*Answers: an institution that is either primarily owned or operated by a group identified as an ethnic minority within the US who usually caters to a surrounding community with at least a proportion of those citizens being from a similar ethnic background*)

38. Invite students to present their final PSA to the class, either on a volunteer basis or as selected by you. Remind them about the time limit of 1.5 – 2 minutes and select individuals to assist with time keeping.

Teachers note: As students present, gauge their responses to the questions they were asked to include. Strong answers will include the concepts of financial equity as well as the functions of a bank in their respective community through the use of resources mentioned during the lesson.

- *How do MDIs impact their local economy? (Answers will vary, but may include their ability to serve communities that may not have had similar financial equity)*
- *How are MDIs different from other financial institutions? (Answer: they are owned by a group identified as an ethnic minority and may also serve a community predominately occupied by people of that same group)*
- *In what ways do financial institutions impact their local economy? (Answer: they provide access to lines of credit and interest from depositors to increase financial stability across a community)*

DAY TWO CLOSURE:

39. Ask students to send you their final PSA and associated script electronically.

40. Ask students the following questions:

- *How can disrupted access or no access to a bank affect a community? (Answers will vary but should include the fact that interrupted or lack of access to financial institutions can adversely affect local businesses and community members by limiting the amount of money that can be loaned to businesses and community members, limiting the ability to provide new businesses to a community through loans and the stability of access to savings accounts and deposits)*
- *How do minority depository institutions differ from other financial institutions? (Answers will vary, but should include how MDI's are predominantly run or owned by minorities and serve a community that may be lacking access to financial services such as lines of credit, saving and investing options, etc.)*

ASSESSMENT:

- Completed PSAs and associated ad copy submitted by students.
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EXTENSION:

- Ask students to review Handout 5: Reflections of an Author and the *Moving Through History: The Founding of America's First Black Banks* podcast, at www.kansascityfed.org/en/publications/aboutthefed/letusputourmoneytogether. After review, instruct students to write a one-page response, citing at least two additional sources, to one of the following questions:
 - What factor has geography played in the existence of MDIs throughout history?
 - How have social issues affected MDIs and their sustainability?
 - Other than Maggie Lena Walker, which historical figure(s) impacted banking efforts for the Black community and in what way?
 - How can community banks help address the use of alternative financial services and being un/under banked within Black communities?
 - What can history tell us about the challenges African Americans face in regard to generational wealth/wealth building opportunities?

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VOLUNTARY NATIONAL ECONOMIC STANDARDS

- Content Standard 10: Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.
- Content Standard 15: Investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

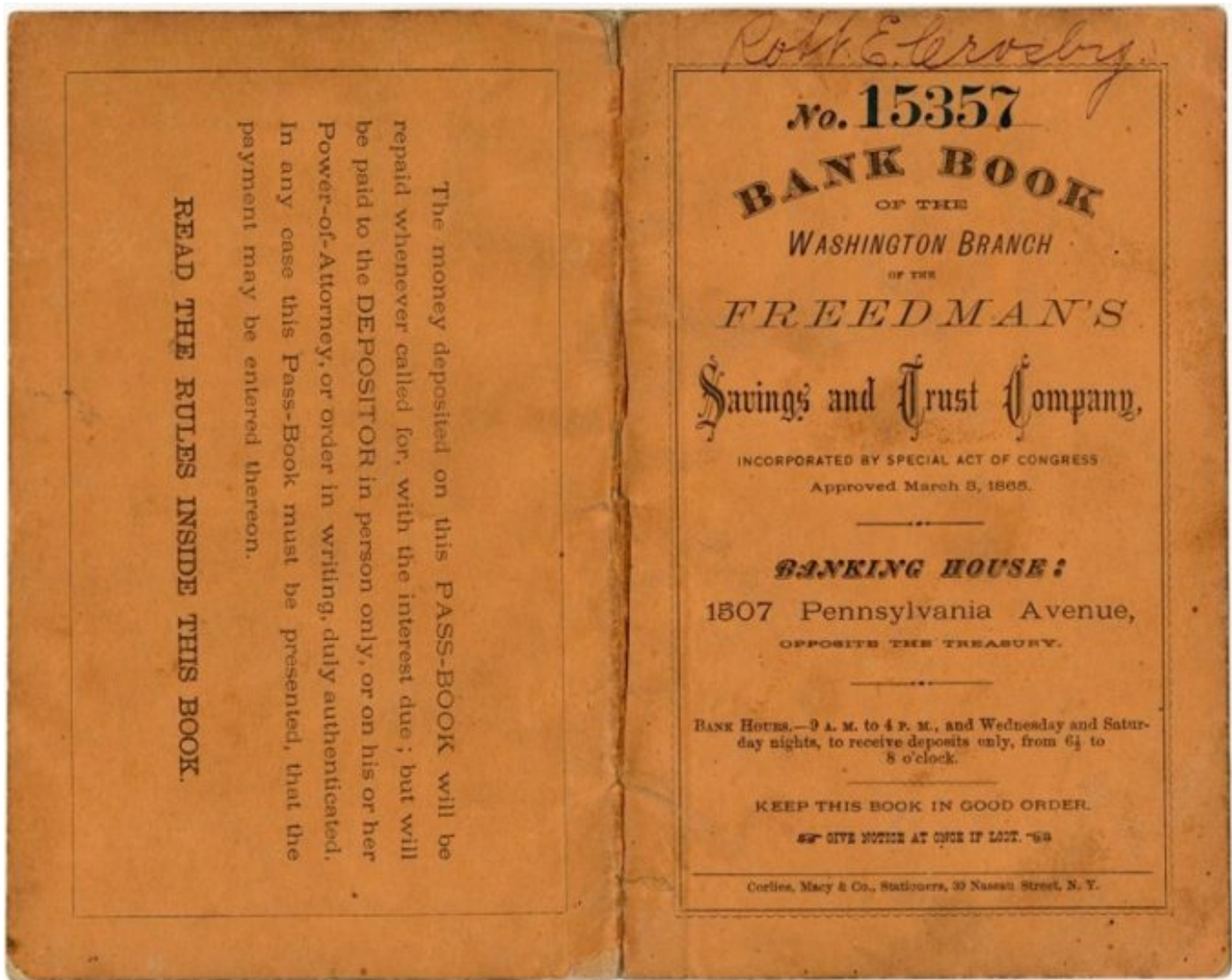
COMMON CORE STANDARDS

- CCSS.ELA-Literacy.RH.9-10.1; CCS.ELA-Literacy.RH.11-12.1
Cite specific textual evidence to support analysis of primary and secondary sources.CCSS.ELA-Literacy.RH.9-10.2;
- CCS.ELA-Literacy.RH.11-12.2
Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among key details and ideas.
- CCSS.ELA-Literacy.RH.9-10.4; CCSS.ELA-Literacy.RH.11-12.4
Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social or economic aspects of history/social science.
- CCSS.ELA-Literacy.RH.9-10.7; CCSS.ELA-Literacy.RH.11-12.7
Integrate quantitative or technical analysis (e.g. charts, research data) with qualitative analysis in print or digital text in order to address a question or solve a problem.
- CCSS.ELA-Literacy.SL.9-10.4; CCSS.ELA-Literacy.SL.11-12.4
Present information, findings and support evidence clearly, concisely and logically such that listeners can follow the line of reasoning and the organization, development, substance and style are appropriate to purpose, audience and task.

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VISUAL 1: FREEDMAN'S DEPOSIT BOOK (PAGE 1 OF 2)



Source: White House History, <https://www.whitehousehistory.org/photos/photo-4-21>

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VISUAL 1: FREEDMAN'S DEPOSIT BOOK (PAGE 2 OF 2)

15357		in acc't with	
Dr. Freedman's Savings & Trust Company,		Robt C. Crosby, Cr.	
1873			
Oct 24 Twenty Dollars	20 00	April 7 Ten Dollars	10 00
May 1 Ten Dollars	10 00	18 Five Dollars	5 00
Feb 26 Twenty five Dollars	25 00	June 11 Fifteen Dollars	15 00
Oct 28 Eleven Dollars	11 00	Nov 18 Eleven Dollars	11 00
Apr 20 Ten Dollars	10 00	Apr 3 Five Dollars	5 00
" 25 Paid 35¢	9 35	11 Six Dollars	6 00
		15 Eight Dollars	8 00
		27 Eight Dollars	15 00
		By Balance	10 35
	55 35		15 35
July 1874 To Balance	10 35	Jan 4/76 #2519	2 07
		62¢ paid on duplicate book	

Source: White House History, <https://www.whitehousehistory.org/photos/photo-3-23>

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VISUAL 2: WHAT IS A BANK RUN?

Instructions: Read the following passage and consider the functions of a bank as you read.

████████████████████ "A large crowd of depositors and curiosity seekers fairly besieged the bank. The run was caused by a feeling prevalent around town that the bank was not too strong."

The lobby of Chicago's State Bank of Commerce "was filled with an excited crowd of men and women who tore and crushed to get within the glass doors. At 12:30 o'clock an iron-barred express wagon containing several bags of gold was hurriedly driven up to the building and the money carried in by stalwart watchmen and placed upon the counters," reads a June newspaper account.¹²⁶ "This, however, did not allay the apprehensions of those outside and for a while the crush was intensified."

"No such scene was ever witnessed here as that of this morning shortly after 10 o'clock when the banks were supposed to open their doors for business," reads a July 18 story about an event in Denver.¹²⁷ "The failure of three savings banks yesterday had greatly excited the masses and at the hour of opening today the streets were crowded with anxious depositors. The 11 clearing house banks, all located within four blocks of each other, were surrounded and far into the street the crowd gathered until officers and special police were called out to clear the way for traffic."

Nationally, more than 500 banks failed between 1893 and 1895, and more than one out of every 25 suspended payment at some point.^{128, 129}

In its 1893 report, the Office of the Comptroller of the Currency called the runs an "unprecedented demand on the part of depositors for money." The demand "caused a sudden contraction of ... (money) already employed for business wants, prevented the making of new loans and rendered it hazardous on the part of the banks to grant renewals of credit already extended."¹³⁰

As a result, the United States was thrust into an economic downturn that still ranks among the worst in national history.

Source: Todd, Tim. *Let Us Put our Money Together*, Federal Reserve Bank of Kansas City, 2019, Page 89.
<https://www.kansascityfed.org/publications/aboutthefed/letusputourmoneytogether>

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VISUAL 3: ST. LUKE PENNY SAVINGS

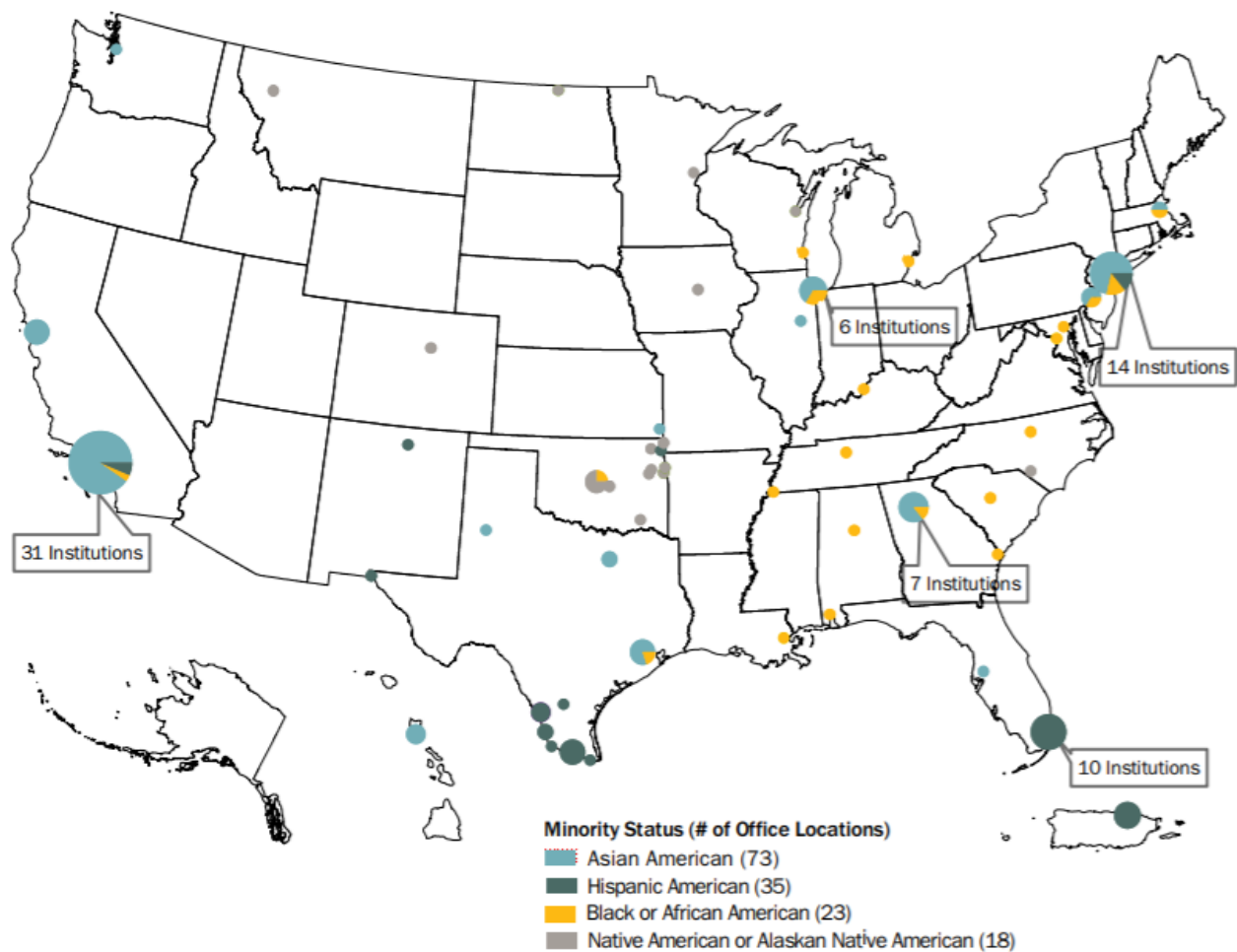


Source: Federal Reserve Bank of Kansas City website, <https://www.kansascityfed.org/en/publications/aboutthefed/letusputourmoneytogether>

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VISUAL 4: MINORITY DEPOSITORY INSTITUTIONS IN THE U.S.



Source: FDIC

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HANDOUT 1: IMAGINE A WORLD WITHOUT BANKS

Instructions: As a group, answer the question that you are assigned. Be prepared to share your responses with the rest of the class, including several examples.

If there were no banks...

1. Where would you go to borrow money?
2. What would you do with your savings?
3. How would businesses around your community change?
4. What risks might you face as a saver (borrower)?
5. What might the economic impact be in your community?
6. What might be some unintended consequences?

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HANDOUT 2: BANKING PANICS

After reading Visual 2: What is a Bank Run?, answer the following questions.

1. According to the quote, why were depositors crowding around the bank wanting their deposits back?
2. Where were these bank runs located?
3. According to the quote, what did one bank do in order to try and ease the concerns of depositors? Did it work?
4. According to the 1893 report from the Office of the Comptroller of the Currency, what effect did the sudden increase in demand for money have on businesses and those seeking access to credit through loans? What effect did this increase in demand have on the economy?
5. Considering these bank runs and their impact, why do you think having a stable financial institution in your community is important?

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HANDOUT 3: MAGGIE LENA WALKER AND HER LEGACY

Answer the following questions about Maggie Lena Walker after reading the article *Walker Leaves a Lasting Legacy*, https://www.richmondfed.org/~media/richmondfedorg/publications/education/maggie_walker/pdf/mwalker.pdf.

1. Explain the significance of Maggie Lena Walker's accomplishments during the early 1900's as compared to today.
2. In your opinion, what did Maggie Lena Walker mean when she said, "Let us put our money out as usury among ourselves and realize the benefit ourselves. Let us have a bank that will take the nickels and turn them into dollars"? Did her viewpoint promote financial equality or equity? Why or why not?
3. Construct a quote predicting what Walker might say about a bank's role within its community today. Would she believe today's version of a minority depository institution should function in the same way? Why or why not?

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HANDOUT 4: PUBLIC SERVICE ANNOUNCEMENT FOR MDIS

Project Goal: Develop your own 1½–2 minute public service announcement (PSA) for Minority Depository Institutions (MDIs) that answers the questions below. It should include a script or ad copy, as well as the PSA in the form of a video, podcast or other approved media-based format.

- How do MDIs impact their local economy?
- How are MDIs different from other financial institutions?
- In what ways do financial institutions impact their local economy?

Instructions: Your PSA should include evidence to support your answers and be original and in your own words. You will present your final PSA to the class and submit it to the teacher electronically, along with the ad copy you created.

Some questions to consider when creating your PSA:

- *What happens to individuals and businesses when there is lack of access to financial institution services?*
- *Historically, how have MDIs fared over time?*
- *What areas of the economy are affected by the availability of financial services?*



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HANDOUT 5: REFLECTIONS OF AN AUTHOR (PAGE 1 OF 2)

Tim Todd, author of *Let Us Put Our Money Together: The Founding of America's First Black Banks*, shared his thoughts about the book through the questions answered below and a podcast, called *Moving Through History: The Founding of America's First Black Banks*, available at <https://www.kansascityfed.org/en/publications/aboutthefed/letusputourmoneytogether>. Review his responses and listen to the podcast and then proceed to the next section.

- **What were some of the biggest challenges when writing the book, and what skills helped best to prepare you?**

Curiosity is probably the most important skill followed by a bit of fear. While there are a few exceptions, some of the people who are the focus of the book have life stories that were not necessarily well documented. Learning about them can require a fair amount of digging that sometimes leads only to dead ends, but you have to keep pushing. The fear part is that I don't want to get their stories wrong – something that is probably even more important when you are talking about people who are not already well known.

- **How do similarities between the first black owned and operated financial institutions contribute to the overall message of *Let Us Put Our Money Together*?**

There are several things that these early banks had in common, but to me the most significant is that they were all created for a purpose other than trying to capitalize on a financial opportunity. The mission was not to turn a profit, but to serve the community. I think that is important when you think about community banks of all types even today and their role in helping borrowers buy homes, start businesses and do the other things that can improve one's standard of living.

- **When you think about a figure like Maggie Walker, what stands out in your mind when compared to other leaders within this industry, as well as of that time period?**

The leadership and the vision. The importance of serving a community and helping the community move forward. Even more unique in Maggie's case for that time period is that she was focused on women. One way to maybe put that in perspective, Maggie's St. Luke Penny Savings Bank opened in 1903, that was 17 years before the 19th Amendment guaranteed American women the right to vote. And then keep in mind that she was a black woman doing this in the Jim Crow era South, so it also requires quite a bit of fearlessness.

- **Can you share why the history of black banking is important for a modern audience, especially in light of current events (racial inequality, the COVID-19 pandemic, etc.)?**

In America today there are some things that have been proven time and again through research and surveys, including work done by the Fed, FDIC and others. Black households are more likely than other households to be either unbanked or underbanked (for example, an underbanked household would have a bank checking account but no savings). We also know that black households are more likely than others to utilize alternative financial services (AFS) providers, so these are firms like payday lenders and title loan businesses that often charge exploitive interest rates. We also know that AFS businesses are more likely to locate in minority communities. We know that the number of black banks in the United States has been declining at a rate that is not reflective of what we see in the banking industry at large or within other minorities. And finally, we know that when a minority-owned bank closes it is unlikely that another bank will move into that location. A lot of people are focused on addressing this issue with varying degrees of success. One thing we believe at the Kansas City Fed is that when we think about the issues we face currently, there may be some benefit to understanding the history of what has been tried before, what has succeeded and what did not. Our hope for the book is that it contributes to an ongoing dialogue about something that has been an issue for far too long.

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HANDOUT 5: REFLECTIONS OF AN AUTHOR (PAGE 2 OF 2)

After reviewing author, Tim Todd's, responses to the previous questions and listening to the podcast, write a one-page summary, citing at least two additional resources, in response to one of the following questions:

- What factor has geography played in the existence of MDIs throughout history?
- How have social issues affected MDIs and their sustainability?
- Other than Maggie Lena Walker, which historical figure(s) impacted banking efforts for the Black community and in what way?
- How can community banks help address the use of alternative financial services and being un/under banked within Black communities?
- What can history tell us about the challenges African Americans face regarding generational wealth/wealth building opportunities?

PROGRESS THROUGH PARITY: HOW MINORITY BANKS CHANGED THE FINANCIAL LANDSCAPE

KYLE WERNIMONT, FEDERAL RESERVE BANK of KANSAS CITY

HANDOUT 2: BANKING PANICS ANSWER KEY

1. According to the quote, why were depositors crowding around the bank wanting their deposits back? *(Answer: there was a feeling that the bank was not financially strong and could not meet the demands of depositors, resulting in the loss of personal savings, investments, etc.)*
2. Where were these bank runs located? *(Answer: bank runs took place in many different areas and locations)*
3. According to the quote, what did one bank do in order to try and ease the concerns of depositors? Did it work? *(Answer: they carried in several bags of gold to try and ease the concerns of depositors. It did not work)*
4. According to the 1893 report from the Office of the Comptroller of the Currency, what effect did the sudden increase in demand for money have on businesses and those seeking access to credit through loans? What effect did this increase in demand have on the economy? *(Answer: the increase in demand for money made it hard for banks to issue new loans and renew previously good lines of credit to depositors, plunging the U.S. into one of the worst depressions in history)*
5. Considering these bank runs and their impact, why do you think having a stable financial institution in your community is important? *(Answers will vary, but might include having access to financial services, promoting a stable local economy, etc.)*

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HANDOUT 3: MAGGIE LENA WALKER AND HER LEGACY ANSWER KEY

1. Explain the significance of Maggie Lena Walker's accomplishments during the early 1900's as compared to today. *(Answers will vary, but should include how she was able to create a sound financial institution in service of her community that endured through times of economic hardship)*
2. In your opinion, what did Maggie Lena Walker mean when she said, "Let us put our money out as usury among ourselves and realize the benefit ourselves. Let us have a bank that will take the nickels and turn them into dollars"? Did her viewpoint promote financial equality or equity? Why or why not? *(Answers will vary, but might include members of a community coming together to support a MDI, promoting more access for individuals who might not have financial services access otherwise, etc.)*
3. Construct a quote predicting what Walker might say about a bank's role within its community today. Would she believe today's version of a minority depository institution should function in the same way? Why or why not? *(Answers will vary, but should be supported by what students know about minority depository institutions and the function of a financial institution within their community)*