

#JusticeDeposits

Working to recapitalize black and minority-owned banks across the country.

WHAT PROBLEM ARE WE TRYING TO SOLVE?

1. African American injustice is a horrific tragedy today, as it has been for centuries:
 - A. COVID cases & hospitalization rates for [African Americans is 2.6x and 4.7x higher](#) than whites (CDC)
 - B. African American [net worth was \\$17K](#) vs. \$171K for white families in 2016 (Brookings Institute)
2. While correcting this injustice is multi-faceted, economics are at the core of the problem.
 - A. [Home equity is 35% of net worth](#) & is the largest driver (US Census)
 - B. African Americans have the [highest mortgage denial rates at 17.4% vs. 7.9%](#) for whites (Lending Tree)
 - C. African Americans pay [+3.6 basis points for mortgages](#) (National Bureau of Economic Research)

WHAT IS THE PROPOSED SOLUTION?

1. Exponential increase in zero-risk deposits into missional & minority run banks with momentum.
 - A. Missional & minority run banks give exponentially more loans to African Americans & lower income households.
 1. [Black-owned banks give 67% of mortgages to Black](#) households vs. 1% from white majority owned banks (Urban)
 2. Black-owned banks have \$5B in deposits vs. \$17.7T in all other banks (FDIC)
2. Companies, churches & consumers with savings can shift deposits risk free
 - A. Banking is a commodity service with very little interest & differentiation
 - B. FDIC guarantees deposits up to \$250,000, making a deposit risk free
 1. The ideal banks are (a) minority run (Minority Depository Institutions or MDI), (b) missional in lending (Community Development Financial Institutions or CDFI) & (c) have momentum (>\$400MM in assets, positive return on equity and net income growth)
 - A. Of the 143 MDI and 145 CDFI banks, **34 are both**
 - B. Of the 34, 16 are African American focused
 - C. 4 have momentum
 1. Broadway Federal Bank (Los Angeles)
 2. Industrial Bank (Washington DC)
 3. Citizen's Trust Bank (Atlanta)
 4. Liberty Bank (New Orleans)
3. Investors must also invest into these banks to ensure capital requirements of 8-12% are met

WHY DO WE BELIEVE THIS WILL WORK?

1. Companies have already shifted/pledged nearly three quarters of a \$1B
 - A. Netflix moved 2% of its cash or \$100MM
 - B. Twitter is investing 1% of its cash or \$100MM in lenders to CDFI
 - C. PayPal has pledged \$500MM to broadly help black owned businesses
2. Several of the largest and most influential churches in America are shifting dollars
 - A. **Community Christian Church in Chicago and New Thing have already shifted ~\$0.5MM to Broadway Federal**
3. 57% of accredited investors are extremely/very likely to shift 1% of investable assets or at least \$10,000 to these banks per a nationally representative study by EddieWouldGrow, LLC

HOW CAN I PARTICIPATE

1. Everyone can participate with zero to no risk to themselves—e.g., (a) ask your company or faith community to move its cash, (b) open an account or (c) invest directly into a bank
2. If you decide to participate in any way, please post it on social media with the #JusticeDeposit hashtag with any photos and explanation.
3. Let us know and reach out with any questions!