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First National bank commits to branch in black community

First National Bank of St. Louis will open a branch location in an underserved, predominately African-American community within 18 months, officials announced at a 2 p.m. press conference today (Tues., Dec. 21).

It is the second bank to announce such a commitment in the past week, said Mira Tanna, assistant director of the Metropolitan St. Louis Equal Housing Opportunity Council. Midwest BankCentre announced Friday its plan for a full-service bank in the city of Pagedale.

And that isn't a coincidence, she said.

Members of the St. Louis Equal Housing and Community Reinvestment Alliance have been working steadily to encourage banks to invest in these areas and equally benefit from the business potential of these untapped areas. The alliance is a coalition of 14 local groups and agencies.

First National president Rick Bagy said that the new branch will not be payday loan or a cash-checking service, which have profited in the areas where banks are few.

"It's going to be a traditional bank," he said. "Imagine not having a bank in your neighborhood, or a place to get a reasonable rate on a loan. We hope to make a difference for people by bringing them affordable mortgages and loans, as well as encouraging savings and investments."

Thirty-one percent of African Americans in our region are unbanked, and about two-thirds of African Americans in metro St. Louis rely on payday lenders, check cashing services, title loans, and other high-cost financial services, said Will Jordan, executive director of EHO.

"Banks have to be part of the solution in eliminating these disparities," Jordan said.

First National's plans include \$2 million in community development loans and investments. The bank is also hiring two new community development specialists and will increase its community outreach through financial literacy training.

The location, yet to be determined, will be in north St. Louis County, St. Louis City or northwest St. Clair County.

Dell Breeland, a member of the coalition through Missourians Organizing for Reform and Empowerment (MORE), said that the bank will need to get out into the community.

"Some people don't know how to go into a bank," she said. "They don't know where to start."

She said that she attended a two-hour Saturday course through her neighborhood association 10 years ago, and it was taught by a member of Bank of America. The representative showed the group how to improve credit scores and budget their groceries, among other things. She said many people had a great experience with the Bank of America representative and felt more comfortable going into that bank.

That's the kind of program that First National will need to get more people in the door, she said.

When Breeland suggested this to Bagy during the press conference, Bagy jumped at the idea and even asked for the name of the representative.

"You have given me a lot to think about," he said.

Tanna said that the alliance (also known as SLEHCRA) was created less than two years ago to increase investments in low-income and minority communities. SLEHCRA monitors banks that have submitted applications with their regulator to open or close branches or that have mergers or acquisitions pending.

There is a high need for the alliance's work, studies show.

In metro St. Louis, upper-income black borrowers were more than 3 times more likely to get subprime loans than upper-income white borrowers, the highest racial disparity in subprime lending among upper income borrowers in the country, Jordan said.

Jordan said that today First National has sent a message to all banks in the region.

"And that message is: it is possible for you to do more to serve our entire community, it is your duty to do more to serve our entire community, we are expecting you to do more, and we have a model now that other banks can follow," Jordan said.

-- CLOSE WINDOW --