

# Inside the effort to open a rare Black-led bank

By [Allissa Kline](#) November 17, 2021, 9:00 p.m. EST 5 Min Read

The number of Black banks in the United States has been steadily slipping for 20 years.

But the organizers of a proposed new bank in Columbus, Ohio, which features a predominantly African American board of directors, just might change the narrative.

If the charter application is approved by state and federal regulators — and the organizers are able to raise at least \$20 million in capital — Adelphi Bank would be the only Black bank in Ohio and one of just 21 Black-owned or Black-led banks across the country.



*Jordan Miller Jr., who would serve as Adelphi Bank's president and CEO, recalled that a group of business professionals and community leaders got together in the aftermath of George Floyd's murder last year. "We thought, 'How can we help?'" he said. "Then it was, 'Let's stand up a financial institution.'"*

Adelphi is also in line to be the first bank owned or led by African Americans to open since George Floyd's May 2020 murder, which renewed calls to address and eliminate the racial wealth gap in the United States.

Organizers filed a state bank charter application with the Federal Deposit Insurance Corp. and the Ohio Department of Financial Institutions at the end of October. If the agencies grant conditional approval this winter, Adelphi Bank could open its doors as soon as next summer.

"The hope is that we change lives," said Jordan Miller Jr., a retired banker who would serve as the bank's president and CEO.

The initiative to open Adelphi Bank — which takes its name from a Black-owned savings and loan company that once occupied the same area where the bank's headquarters branch would be located — is part of a growing effort to increase Black Americans' access to capital.

While Blacks have long struggled to obtain credit at the same frequency and on the same terms as their white counterparts, the pandemic exacerbated racial inequities and increased awareness about the challenges that Blacks face in accessing capital.

In response to calls for greater fairness, there has been a huge focus on the need for more minority-owned banks, including those that serve Black individuals, businesses and communities, said Nicole Elam, president and CEO of the National Bankers Association, a Washington, D.C.-based trade group that represents minority-owned financial institutions.

Currently, 144 banks in the U.S. are defined as "minority depository institutions" by the FDIC. Within that total, 17 are Black-owned banks, and just three have boards that are majority-Black.

The number of such banks has dwindled over the years as a result of consolidation and the precarious financial condition of some Black banks. In 2001, the United States had 48 Black-owned banks, according to the FDIC.

## Imbalance

Among minority depository institutions, those with largely Hispanic or Asian American directors far outnumber those with mainly African American directors

| Board makeup                       | Number of institutions | Total assets    |
|------------------------------------|------------------------|-----------------|
| Majority Hispanic                  | 12                     | \$120.2 billion |
| Majority Asian or Pacific Islander | 12                     | \$99 billion    |
| Majority African American          | 3                      | \$2.1 billion   |
| Majority multiracial               | 1                      | \$287 million   |

Source: FDIC (data as of June 30; table excludes MDIs with majority-white boards)

“If you think about MDIs, they were born out of a need,” Elam said. “They were born out of racism because Black folks couldn’t go to the bank and get access to capital ... So the goal is that if you have more [MDI] banks providing access to that capital, you will have more opportunities.”

In the aftermath of Floyd’s murder, millions of dollars have been pledged to and invested in minority-owned banks. The money is coming both from [larger banks](#) and [entrepreneurs](#) who want to form banks that cater to underserved minority groups. Greenwood Financial in Atlanta garnered much attention last year when it announced plans to [open a digital bank](#) for Black and Hispanic consumers.

Greenwood’s app was expected to launch in early 2021, but the start date has been delayed.

Regulators are offering support to minority-owned banks. In September, the FDIC announced the [Mission-Driven Bank Fund](#), an investment fund led by Truist Financial and Microsoft that aims to match private investors with minority-owned banks and community development financial institutions that need capital. Earlier this month, the agency [set up an office](#) to oversee its efforts to drive more capital to minority-owned banks and CDFIs.

In Columbus, as the pandemic lingered in the months after Floyd’s murder, a group of business professionals and community leaders got together and asked a question.

“We thought, ‘How can we help?’” Miller said. “Then it was, ‘Let’s stand up a financial institution.’”

Miller is a former Fifth Third Bancorp executive who retired as a regional president in 2019. He joined Kevin Boyce, a Franklin County commissioner, and Kamran Haydar, an emergency medicine physician, to create a three-year business plan for Adelphi.

Boyce is the proposed executive chairman of the bank's board, and Haydar would be chief innovation officer, in charge of the bank's strategic technology plan.

The anticipated location for Adelphi's headquarters branch is a new building within the King-Lincoln Bronzeville neighborhood of Columbus, a historically Black community that has been the site of several city-led revitalization and redevelopment projects in recent years.

It is also an area with few bank branches. The nearest competitors to the proposed Adelphi location are branches operated by JPMorgan Chase and PNC Financial Services Group, according to a map included in the application to the FDIC and the Ohio Department of Financial Institutions.

The mission: to serve the banking needs of Black Americans, other minority groups and minority-owned businesses in low- and moderate-income communities in Franklin County, which includes Columbus and is the most populous county in Ohio. The idea is to use both the traditional branch and a digital platform that will offer a full suite of banking products and services.

Adelphi's business plan calls for 15 to 20 employees in the bank's first year.

"I think we will serve a niche that's underserved," Miller said. "We know that the need exists."

The initial capitalization plan calls for 30 million authorized shares, with 2 million common shares sold for \$10 each, generating a total of \$20 million in total startup capital.

Banking trade groups are cheering the initiative.

"I think it could be a really big deal just because there have been very few de novo charters issued since the Great Recession," said National Bankers Association Chairman Robert James II, who is president and CEO of Carver Financial, the parent company of Carver State Bank in Savannah, Georgia.

"The fact that there's a Black-led group that is proposing a de novo charter is very significant."

The American Bankers Association "strongly encourages new bank formation," including minority-owned banks, spokesman Mike Townsend said in an email.

"With the number of minority depository institutions falling in recent years, we particularly welcome efforts to launch new MDIs given the important role they play in meeting the financial needs of small businesses, first-time home buyers and consumers," Townsend said.

Receiving regulatory approval and raising enough startup money are two hurdles for Adelphi's organizers. A third challenge — maintaining enough capital to continue operating — has been a struggle for some Black-led banks, Elam cautioned.

"Starting is great, but it's the continuation of it that's really going to be key, and that continuation will be based on the community, the public and private sector," Elam said.

"Is the state and local government going to be doing business with this new bank? Is the private sector going to be doing business with them? Those are the things that help with stabilization and longevity."