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## DIVERSITY AND EQUALITY

# Push to build deposits at CDFIs, MDIs hits \$1 billion milestone

By [Kevin Wack](#) June 08, 2023, 6:34 p.m. EDT 2 Min Read



Deputy Treasury Secretary Wally Adeyemo spoke Thursday about the possibility of standardizing term sheets for corporate deposits at community development financial institutions and minority depository

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Several large banks and other companies and foundations have secured \$1 billion of committed deposits for financial institutions that focus on underserved communities, but organizers say those efforts are still in their early stages.

The banks, which include Citigroup, Bank of America, Wells Fargo and KeyCorp, are part of a coalition formed last year to align private-sector investments in communities of color with related efforts by the Biden administration.

Last October, members of the Economic Opportunity Coalition pledged to move \$1 billion of deposits to minority depository institutions and community development financial institutions. On Thursday, they announced that they had reached that goal.

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The milestone was marked at a roundtable event on Capitol Hill, which featured remarks by Deputy Treasury Secretary Wally Adeyemo, Democratic Sen. Mark Warner, Republican Sen. Mike Crapo as well as executives from big banks and minority depository institutions.

During the meeting, executives from banks that focus on underserved communities said they need reliable deposits to fuel loan growth – even after the capital infusions they received under federal legislation passed in the wake of George Floyd's murder in Minneapolis. Corporate America could provide many of those deposits.

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institution.

The [Emergency Capital Investment Program](#) was established by Congress in 2021. It provided nearly \$9 billion in capital to CDFIs and minority depository institutions.

One theme of Thursday's event was the need to ensure that deposits at minority banks are sticky. Adeyemo spoke about the possibility of standardizing term sheets, so that corporations can turn to an established method of parking money at designated financial institutions for a year or two. "We're at the beginning," he said.

Bank of America has agreed to put up \$200 million of deposits, and Citigroup is contributing \$250 million to the effort.

Mark Mason, Citi's chief financial officer, warned about a potential negative side effect of the initiative. He said that the recipient banks should not be stigmatized for accepting the deposits.

In March, 11 large banks agreed to deposit \$30 billion at First Republic Bank in an ultimately unsuccessful effort to avert a bank failure.

"The last time banks actually got together to do this was to try and stabilize a bank that was failing," Mason said. "So what we don't want to happen is there to be a negative stigma."

Mason and other big-bank executives also spoke frankly about the difficulties their institutions have in reaching many Americans. They said that CDFIs and MDIs are often better positioned to meet the financial needs of people in marginalized communities.

"The reality is that we don't have the credibility in these communities to go at it on our own," Mason said. "And what MDIs and CDFIs have been doing for years now is investing in building that trust and that credibility."

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"Even with all of our best intentions, what we have found is that there are a lot of reasons why we don't reach a broad enough group of Americans to serve," he said. "A broader set of the population doesn't always feel comfortable doing business with us."

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