



**New Efforts to
Strengthen Communities
and Jumpstart Growth**

Banking industry is driving huge
investments in communities and small
businesses more than ever

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FIFTH THIRD BANK



Our underserved communities are just that – underserved, and in desperate need of economic solutions. That’s no secret. Just drive through some of the more depressed areas in your city.

Growing up in Detroit with a single mother, grandmother and four siblings on the city’s Northeast side, I understand the plight of an underserved community. I’ve seen first-hand families in need of affordable housing, business owners failing to acquire capital and create jobs, and neighborhoods in need of repair.

It’s not only visible: the struggle to build wealth is long-standing and runs deep. Many African American and Hispanic communities were struggling before the Great Recession and now lack access to capital and programs to rebound and ignite growth. With little change in the substantial wealth disparities between white families and Black and Hispanic families in the past few years, plight and hopelessness remain. In fact, nearly one in five Black households are underwater with zero or negative net worth.

A Federal Reserve survey found that in 2016, white families had the highest family wealth, somewhere between \$171,000 and \$933,700, while Black and Hispanic families had considerably less from \$17,600 to \$138,200 and \$20,700 to \$191,200, respectively. Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, or families having more than one race were also lower than white families but higher than Black and Hispanic families. The survey concluded that for all families, the concentration of wealth at the top continues to shrink as fewer Black and Hispanic families hold more wealth and larger numbers hold less.

More than 70 percent of white families own their homes and hold much higher levels of equity. Most in this group are older, more educated, more likely to receive an inheritance, and have fewer single parent households. Banking institutions thrive when the economy and communities thrive, so now, more than ever, banks are finding innovative economic development strategies and solutions to strengthen communities in the hope of securing a better future for all. In recent years I’ve witnessed a small business owner’s dream of expanding, a family’s dream of homeownership, and a neighborhood’s desperate dream of revitalization -- all come to pass.

Today’s efforts in the banking industry are starting to make a real impact, bringing more minorities and women-led businesses into the financial fold. The industry is banding together, looking for partners to pool resources

for a greater impact. It will take banking institutions – big, small and those in between – with products and programs to successfully promote financial literacy, boost homeownership, accelerate wealth generation, and pump resources and capital into community economic development initiatives.

JP Morgan Chase, Fifth Third Bank, Kellogg Foundation, Ralph C. Wilson, Jr. Foundation and the Kresge Foundation partnered up in Detroit last year to fund the Entrepreneurs of Color Fund. This collaboration provided \$22 million in funding and lent \$4.5 million in loans to more than 43 minority small businesses, resulting in over 600 new or preserved jobs. Minority women-owned businesses benefitted from 53 percent of the loans support and 70 percent of the loans supported small businesses based in Detroit neighborhoods.

The focus on empowering communities is spreading in the banking industry. Smaller banks, like First Tennessee recently invested over \$4 million dollars specifically for community development initiatives, while Fifth Third Bank which ranks 17th, is in the fourth year of a five-year \$32 billion commitment to those distressed in our footprint. Fifth Third is focused on helping families, individuals and communities through affordable housing, small business investments, community development via loans and investments in underserved communities. We're always embracing new ways to improve and revitalize our communities like the work we did with the Chicago Housing Authority and the Chicago Public Library construction on three innovative co-located senior housing and library developments that were built across the city (<https://www.chipublib.org/news/mayor-emanuel-and-city-officials-break-ground-on-innovative-library-projects/>). Social responsibility is an integral part of our business strategy to ensure our communities thrive through financial stability and restoration, and we are not alone.

In 2017, Chase Bank provided \$2.85 billion to low- to moderate-income communities through its community development lending and equity investments and committed \$12.3 billion over the last decade to supporting financing for the construction or rehabilitation of affordable housing and neighborhood revitalization projects across the US and has financed 97,000 units of affordable housing for renters and homeowners. The bank has also brought together 26 local and regional community development financial institutions (CDFIs) in 20 states to form seven collaborations to address specific challenges.

Earlier this year, Bank of America announced a new \$5 billion affordable homeownership initiative for low- to moderate-income and multicultural homebuyers and communities across the country. The company will commit this additional \$5 billion over the next five years to its Bank of America Neighborhood Solutions program, which will help more than 20,000 individuals and families thrive through the power of homeownership.

The impact is real and the availability of funds for the revitalization of communities and the empowerment of small businesses is unprecedented. I learned early on that my job is to be sensitive and listen to the community – truly listening, learning and reaching out to real people, churches, nonprofits, CDCs, and NCRC in 10 states and 14 markets – to find answers and close the gap of financial accessibility, while keeping in balance the needs of our bank. Others in the industry were doing the same. Partnering with each other, strengthening communities and teaching families to building wealth is how we will survive the next economic bumps in the road.

Byna Elliott is the highest ranking African American woman at Fifth Third Bank which is the 17th largest bank in the U.S.