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OCC Advises Industry to Explore Creative Approaches  
to Meeting Minority Small Businesses' Banking Needs

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) today issued [Advisory Letter 98-9](#) -- Access to Financing for Minority Small Businesses -- to the national banking industry, identifying some of the approaches national banks have used to successfully meet the financial needs of the minority small business community.

"A positive attitude is the hallmark of the banker who sees minority small business lending not as a legal compliance or political responsibility, but as a business opportunity waiting to be seized upon. In other words, bankers who are successful treat minority small business loans as a profit center, not as a compliance cost," said Acting Comptroller Julie Williams.

The Advisory Letter includes information shared with the OCC by national bankers, small business owners and business development officials who participated in outreach meetings last year in eight cities throughout the United States. The OCC conducted these meetings to develop a mutual understanding of the barriers that restrict minority-owned small businesses' access to credit and financial services. The meetings also provided insight into successful approaches some banks are already using to tap the growing minority business market. Some examples of these approaches are:

- developing account officer relationships with minority small business owners and business groups;

- creating partnerships with community-based development organizations;

- implementing targeted outreach programs;

- providing written materials in the predominant languages of communities served;

- staffing small business lending areas with loan officers from diverse backgrounds and vesting them with appropriate lending authority;

- using low documentation loan authority to identify an "exempt portion" of small- or medium-sized business and farm loan portfolios to help expand credit to minority owned firms;

- developing receivable financing products and innovative loan structures like small business lines of credit accessed by check drafts;

- seeking out minority small businesses to use as the bank's

own suppliers and contractors;

using government guarantee programs to mitigate risks;

partnering with (or referring potential borrowers to) agencies and organizations that provide technical support and assistance;

participating in equity and subordinated debt investments in minority businesses through a variety of investment vehicles.

"National banks are employing many strategies to serve the financing needs of the growing minority small business market sector, and establishing prototypes for other financial institutions," added Acting Comptroller Williams. "The goal of full economic opportunity for all, including minority small businesses can, and will be, accomplished safely and soundly through continued innovation and adaptation."

Advisory Letter 98-9 can be obtained from the OCC's web site, <http://www.occ.treas.gov>, or by calling the OCC's Information Line at (202) 479-0141.

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The OCC charters, regulates and examines approximately 2,600 national banks and 66 federal branches and agencies of foreign banks in the United States, accounting for 58 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.