



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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Contact: Kevin Mukri
(202) 874-5770

Comptroller Hawke Urges Banks to Court Minority Customers

ARLINGTON, Va. -- Comptroller of the Currency John D. Hawke, Jr. said today that commercial banks must adapt to dramatic shifts in the U.S. population if they are going to be successful in the future.

“The U.S. banking industry has enjoyed tremendous success in meeting the needs of the America that we have been,” he said in a [speech to the Consumer Bankers Association](#). “It is no exaggeration to say that the industry’s future success hinges on its ability to meet the needs of the nation we are in the process of becoming.”

The Comptroller noted that the demand for financial services in minority communities is often being met today by nonbank providers. Ten million U.S. households – 10 percent of the total – do not have a banking relationship and 60 percent of those are minority households. Check cashers alone generate revenues of \$60 billion a year from those households.

“It should go without saying that numbers of this magnitude can be ignored by the banking industry only at its peril,” he said. “The people who patronize nonbank fringe providers should be your customers.”

Mr. Hawke said that the banks that have been most successful in minority communities are those that took time to research the market and to develop local partnerships. Many of these bankers have found that trying to market their entire product line may detract from effectively offering the products these customers need most.

“I have long advocated that banks make wider use of technology, especially through the promotion of direct payroll deposit and the offering of electronic account access, to deliver banking services to low-income Americans at prices they can afford,” Mr. Hawke said.

The Comptroller said banks should not underestimate the willingness of low-income and minority customers to obtain banking services electronically. Fully 45 percent of the Hispanic population in America consists of children nine years of age and younger, and they are growing up with computers, Mr. Hawke said.

“The banking customer of the future will already be experienced at using the Internet for a wide variety of functions, and it is very likely to expect that he or she will be able to

conduct banking transactions by computer,” he added. “Over-the-counter banking will be a horse-and-buggy methodology to them.”

Bankers must be receptive to innovation in product development and consumer relations, and must recognize that traditional marketing and product delivery approaches don’t yield the same results in minority markets that they do in traditional ones.

“They must work to develop and leverage strategic relationships with organizations that operate in the communities they seek to serve,” he added. “That’s particularly important in light of the distance that the industry has to make up to be truly competitive in minority communities.”

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The OCC charters, regulates and examines approximately 2,100 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.