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REMARKS  
NATIONAL BANKERS ASSOCIATION  
FAIRMONT COLONY SQUARE HOTEL  
ATLANTA, GEORGIA

BY:  
HONORABLE STANLEY S. SCOTT  
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THE WHITE HOUSE  
WASHINGTON, D. C.



MR. CHAIRMAN, HONORED GUESTS, OFFICERS OF THE  
NATIONAL BANKERS ASSOCIATION, FELLOW COMMENTATORS, LADIES  
AND GENTLEMEN:

I WANT TO THANK YOU FOR THE OPPORTUNITY TO MEET WITH  
YOU HERE IN ATLANTA. I HAVE HAD THE OPPORTUNITY TO  
ATTEND SEVERAL OF YOUR DISCUSSIONS AND PROGRAM  
ACTIVITIES AND MUST COMPLIMENT YOU ON A BUSY AND  
A WELL-CONCEIVED CONVENTION AGENDA.

IN THE COURSE OF MY BRIEF REMARKS, I WOULD LIKE  
TO SPEND A FEW MOMENTS COVERING THREE BASIC TOPICS---  
COVERING ONE PERSON'S PERSPECTIVE OF THE MINORITY  
BANKING SCENE. FIRST, I WOULD LIKE TO TALK ABOUT WHERE  
THE MINORITY-OWNED BANKS HAVE BEEN; THEN OUTLINE HOW I  
PERCEIVE THE BANKS TODAY AND, FINALLY, TO TALK JUST A  
LITTLE ABOUT WHERE WE MIGHT ALL BE HEADED.



LET'S LOOK BACK TEN YEARS, TO JANUARY 1964, AT THAT TIME THERE WERE NINE BANKS CONSIDERED TO BE "MINORITY-OWNED"-----AND THESE BANKS HAD TOTAL DEPOSITS OF LESS THAN \$90 MILLION.

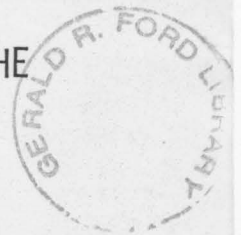
DURING 1964, FOUR BANKS WERE OPENED. SOME CALLED THIS WHOLE GROUP INEFFECTIVE, POORLY MANAGED, POORLY LOCATED, UNCAPABLE OF GROWTH AND EXPANSION; TOKEN BANKS, MAKING REAL ESTATE LOANS WITHOUT RISK; BANKS IN NAME ONLY.

AND YET, THREE BANKS WERE OPENED IN 1965, AND BY OCTOBER OF 1970 THERE WERE 28 BANKS DESIGNATED AS MINORITY-OWNED, WITH A TOTAL OF \$396 MILLION IN DEPOSITS. IN 1969, PROFESSOR ED IRONS PREVAILED UPON THE ADMINISTRATION TO FUND AN EXPANDED MINORITY BANKING EFFORT AND YOUR ASSOCIATION HAS SINCE HAD A FULL-TIME STAFF, FUNDED IN GREAT PART BY GRANTS AND CONTRACTS FROM THE ECONOMIC DEVELOPMENT ADMINISTRATION AND THE OFFICE OF MINORITY BUSINESS ENTERPRISE, BOTH LOCATED IN THE DEPARTMENT OF COMMERCE.



IN 1970 THE DEPARTMENTS OF TREASURY AND COMMERCE  
OVERSAW A BANK DEPOSIT PROGRAM WHICH INCREASED DEPOSITS  
BY 30% IN ONE TWELVE MONTH PERIOD. DURING THE ENSUING  
YEARS, YOU HAVE WORKED WITH THE AMERICAN BANKERS  
ASSOCIATION ON MANAGEMENT TRAINING, YOU HAVE DEVELOPED  
JOINT-LENDING PROGRAMS FOR LARGE FIRMS, YOU HAVE  
PROVIDED DIRECT ASSISTANCE TO ORGANIZING GROUPS, YOU  
HAVE A MANAGEMENT TEAM FOR YOUR ASSOCIATION WHICH HAS  
EFFECTIVELY PRESENTED YOUR PROBLEMS, YOUR GOALS AND  
YOUR POSITION ON KEY MATTERS OF MATERIAL INTEREST TO  
THE ADMINISTRATION, TO MEMBERS OF CONGRESS AND TO THE  
PUBLIC.

TODAY YOU STAND 61 STRONG, WITH OVER \$1.1 BILLION IN ASSETS--  
AN INCREASE OF 120% IN NUMBERS AND ALMOST 200% IN DEPOSITS.  
I ASK YOU, DOES THAT SOUND INEFFECTIVE, DOES THAT SOUND  
AS THOUGH MINORITY BANKING IS TOKEN BANKING. THAT YOU



ARE INCAPABLE OF GROWTH----MY ANSWER IS NO!

AND THAT BRINGS US TO YOUR CURRENT STATUS. WITH  
61 BANKS OWNED- AT LEAST 50% BY MEMBERS OF RACIAL  
MINORITIES. WITH SOME 23 MORE GROUPS IN VARIOUS  
STAGES OF ORGANIZATION AND WITH A NUMBER OF OTHER  
BANKS NOT "MINORITY-OWNED" IN THE STRICT INTERPRETATION,  
BUT WITH LARGE MINORITY OWNERSHIP AND A SOLID DEGRESS  
OF MINORITY MANAGEMENT CONTROL.

TODAY OUR 61 MINORITY BANKS ARE LOCATED IN 50 CITIES;  
LOCALLY-OWNED, LOCALLY MANAGED, SERVING NOT ONLY THE  
MINORITY COMMUNITIES BUT PUTTING THEIR ASSETS TO WORK  
FOR THE BENEFIT OF, FIRST; THE BANK ITSELF AND SECONDLY;  
ITS SERVICE AREA. ALMOST ALL OF OUR BANKS REPORT A NET  
PROFIT----NONE HAS FAILED SINCE 1933, THOUGH WE HAVE HAD  
SOME CLOSE CALLS, AS YOU ARE AWARE.



THE BANK DEPOSIT PROGRAM IS STILL WITH US, WITH  
SIZABLE DEPOSITS AVAILABLE TO OUR BANKS FROM BOTH  
GOVERNMENT AND INDUSTRY FOR THE AGGRESSIVE BANK THAT  
MARKETS ITS SERVICES TO THESE SOURCES AND THAT FINDS THEY  
ARE ACTUALLY PROFITABLE ACCOUNTS.

THE NUMBER OF MINORITY BANKS CONTINUE TO GROW, WITH  
SPECIAL ADMINISTRATION ATTENTION AND ASSISTANCE IN THIS  
AREA.

YOUR SECOND AND RECENT BANK DIRECTORS TRAINING  
PROGRAM, READILY DEMONSTRATES THE ATTITUDE OF BOTH  
YOUR PROFESSIONAL MANAGEMENT AND YOUR DIRECTORS  
THEMSELVES. THERE IS A HEALTHY DESIRE TO KNOW WHAT CAN BE  
DONE, WHAT SHOULD BE DONE AND HOW IT CAN BE DONE  
PROPERLY. AGAIN, WE ARE PLEASED THAT OMBE, THE COMPTROLLER  
OF THE CURRENCY, THE FDIC AND THE MAJORITY BANKING  
INDUSTRY COULD BE OF ASSISTANCE IN THIS AREA.

THAT BRINGS US TO A BRIEF LOOK AT WHAT MIGHT BE IN  
THE FUTURE.



FIRST, COMPETITION, AND LOTS OF IT. COMPETITION FROM MAJORITY BANKS, COMPETITION FROM A CHANGING SAVINGS AND LOAN INDUSTRY AND COMPETITION FROM OTHER FINANCIAL SOURCES SUCH AS THE EXPANDING CREDIT UNION FIELD. TO COMBAT THIS TYPE OF PROBLEM, YOU MUST CONTINUE TO UPGRADE YOUR STAFF, STRENGTHEN YOUR MANAGEMENT AND YOUR BOARDS - BE AGGRESSIVE! LOOK AT OPPORTUNITIES AND TAKE ACTION WHENEVER PRACTICAL AND WORTHWHILE.

NEXT, TECHNOLOGICAL CHANGE; EXPANSION OF AUTOMATIC TELLER OPERATIONS, THE ELECTRONIC TRANSFER OF FUNDS OR EFTS, MORE STEPS TOWARD THE CASHLESS SOCIETY, PERHAPS, BROADER BRANCHING POWERS AND CERTAINLY, A CONTINUATION OF THE TREND TOWARD HOLDING COMPANIES. YOUR OWN INTERESTS IN SOME TYPE OF COOPERATIVE CENTRAL UNIT OR NATIONAL BANKERS TRUST COMPANY INDICATES A RECOGNITION OF THE NEED TO KEEP ABREAST OF THESE EFFORTS, BUT YOU MUST



KEEP A CLOSE WATCH ON HOW ACTIVITIES AND CHANGES SUCH AS THESE, WHICH MIGHT LOOK GREAT FOR THE "BIG BOYS" CAN DO YOU IN----AND THAT'S WHY YOUR ASSOCIATION MUST DOUBLE ITS EFFORTS ON YOUR BEHALF, AND WHY YOU MUST CONTINUE AND INCREASE YOUR SUPPORT OF THE ASSOCIATION.

AND, FINALLY; I SINCERELY BELIEVE THE FUTURE WILL SEE US MEETING AGAIN, WHEN THERE ARE BANKS IN MANY MORE CITIES, SOUNDLY MANAGED, AND PARTICIPATING FULLY IN THEIR LOCAL ECONOMY, SERVING BOTH THEIR MARKET-PLACE AND THEIR STOCKHOLDERS-IN FULL RECOGNITION THAT THEY ARE BANKS TO BE PROUD OF, BANKS THAT ARE AGGRESSIVE AND SUCCESSFUL TRUE INSTRUMENTS OF SERVICE.

HOW CAN WE FAIL TO ACHIEVE THIS LAST OBSERVATION WITH ALL OF YOU WORKING TOGETHER. WE MUST NOT FAIL TO ACHIEVE----- WE WILL NOT!

THANK YOU!



SUGGESTED REMARKS

National Bankers Association Meeting

Mr. Chairman, honored guests, officers of the National Bankers Association, fellow commentators, ladies and gentlemen:

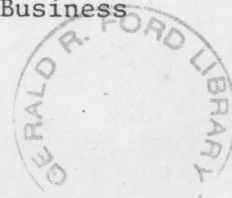
I want to thank you for the opportunity to meet with you here in Atlanta. I have had the opportunity to attend several of your discussions and program activities and must compliment you on a busy and a well-conceived convention agenda.

In the course of my brief remarks, I would like to spend a few moments covering three basic topics----covering one person's perspective of the minority banking scene. First, I would like to talk about where the minority-owned banks have been; then outline how I perceive the banks today and, finally, to talk just a little about where we might all be headed.

Let's look back ten years, to January 1964, at that time there were 9 banks considered to be "minority-owned"----and these banks had total deposits of less than \$90 million.

During 1964, 4 banks were opened. Some called this whole group ineffective, poorly managed, poorly located, incapable of growth and expansion; token banks, making real estate loans without risk; banks in name only.

And yet, 3 banks were opened in 1965, and by October of 1970 there were 28 banks designated as minority-owned, with a total of \$396 million in deposits. In 1969, Professor Ed Irons prevailed upon the administration to fund an expanded minority banking effort and your association has since had a full-time staff, funded in great part by grants and contracts from the Economic Development Administration and the Office of Minority Business Enterprise, both located in the Department of Commerce.



: In 1970 the Departments of Treasury and Commerce oversaw a bank deposit program which increased deposits by 30% in one twelve month period. During the ensuing years, you have worked with the American Bankers Association on management training, you have developed joint-lending programs for large firms, you have provided direct assistance to organizing groups, you have a management team for your association which has effectively presented your problems, your goals and your position on key matters of material interest to the administration, to members of Congress and to the public.

Today you stand 61 strong, with over \$1.1 billion in assets----an increase of 120% in numbers, and almost 200% in deposits. I ask you, does that sound ineffective, does that sound as though minority banking is token banking. That you are incapable of growth----my answer is NO!

And that brings us to your current status. With 61 banks owned at-least 50% by members of racial minorities. With some 23 more groups in various stages of organization and with a number of other banks not "minority-owned" in the strict interpretation, but with large minority ownership and a solid degree of minority management control.

Today our 61 minority banks are located in 50 cities; locally-owned, locally managed, serving not only the minority communities but putting their assets to work for the benefit of, first; the bank itself and secondly; its service area. Almost all of our banks report a net profit----none has failed since 1933, though we have had some close calls, as you are aware.

The bank deposit program is still with us, with sizable deposits available to our banks from both government and industry for the aggressive



bank that markets its services to these sources and that finds they are actually profitable accounts.

The number of minority banks continues to grow, with special administration attention and assistance in this area.

Your second and recent bank directors training program, readily demonstrates the attitude of both your professional management and your directors themselves. There is a healthy desire to know what can be done, what should be done and how it can be done properly. Again, we are pleased that OMBE, the Comptroller of the Currency, the FDIC and the majority banking industry could be of assistance in this area.

That brings us to a brief look at what might be in the future.

First, competition, and lots of it. Competition from majority banks, competition from a changing Savings & Loan industry and competition from other financial sources such as the expanding credit union field.

To combat this type of problem, you must continue to upgrade your staff, strengthen your management and your boards - be aggressive! Look at opportunities and take action whenever practical and worthwhile.

Next, technological change; expansion of automatic teller operations, the electronic transfer of funds or EFTS, more steps toward the cashless society, perhaps, broader branching powers and certainly, a continuation of the trend toward holding companies. Your own interests in some type of cooperative central unit or national bankers trust company indicates a recognition of the need to keep abreast of these efforts, but you must keep a close watch on how activities and changes such as these, which might look great for the "big boys" can do you in----and that's why your association must double its efforts on your behalf, and why you must continue and increase your support of the association.



And, finally; I sincerely believe the future will see us meeting again, when there are banks in many more cities, soundly managed, and participating fully in their local economy, serving both their marketplace and their stockholders-in full recognition that they are banks to be proud of, banks that are aggressive and successful true instruments of service.

How can we fail to achieve this last observation with all of you working together. We must not fail to achieve----we will not!

Thank you!

