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Native American Banking Forum
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It is a pleasure to welcome you to the Office of the Comptroller of the Currency and today's Native American Banking Forum. Our location today is actually quite fitting for this event, as just a few blocks north from here, construction of the National Museum of the American Indian is well underway, and just across the street from us, construction will shortly begin on a hotel that will be majority owned by four Native American tribes.

Four years ago, I addressed an interagency conference on "Building Economic Self-Determination in Indian Communities." At that conference I discussed the role that banks take in the Native American economy, and what bank regulators can do to enhance the contributions that banks make to the economic strength of Indian people. The OCC continues to view a lack of access to banking services to be a formidable barrier to economic opportunity. We now have more examples to illustrate that the availability of banking services can be of enormous assistance in overcoming long periods of neglect. And, we see better than before that banks are developing a greater understanding that exploring and serving the financial needs of underserved populations fits in with their long-term self-interest.

Although progress has been made in the financial services available on tribal lands, there is still much work ahead. According to the CDFI Fund's Native American Lending Study, which Tony Brown and Rodger Boyd will discuss later, the practical reality is that only 14 percent of

communities on Indian lands have a financial institution in their community, and 33 percent of those living on tribal lands must travel at least 30 miles to reach an ATM or bank branch. In addition, many Native Americans suffer from a lack of experience with, and information about, personal finance and credit. As a result, they are often reluctant to use banking services even when they are available.

The CDFI Fund study reports that Native Americans on tribal lands face significant barriers to securing needed capital for the economic development of their communities and to obtaining even the most basic financial services. Many Native Americans find mortgages, business loans, and equity investments difficult to obtain from traditional banking sources. These challenges are not new, and they are likely to remain in the forefront for Native Americans for some time to come.

There are certainly opportunities for banks to step in. Some banks have discovered that by providing services in novel ways, they can realize profits that they did not think could be achieved. Not every banking office needs to be a full-service branch. Some banks have located mini-branches in supermarkets or operate limited service branches elsewhere on reservations.

Since I spoke at the interagency conference four years ago, the OCC has taken a number of steps to encourage banks to increase their presence in Native American communities. Last month, the OCC released an updated version of *A Guide to Tribal Ownership of a National Bank*, a publication designed to help tribes explore entry into the national banking system by establishing or acquiring control of a national bank. This booklet summarizes OCC guidance on issues that

tribes face in applying federal banking law and regulations on tribal lands. The revised guide also contains expanded discussions of the steps involved in chartering or acquiring a bank, reference materials, and resource contacts. There are now seven national banks that are owned or controlled by Native Americans including one joint venture that was capitalized with equity from more than ten tribes.

Last Fall, we devoted an issue of our Community Affairs newsletter, *Community Developments*, to the challenges and opportunities of banking in Indian country, and we have included a copy in your notebook today. In our newsletter, which we distribute to all of the 2,000 banks we supervise as well as a variety of consumer, community, and governmental organizations, we highlighted a wide range of successful banking initiatives designed to increase access to credit and other financial services in Indian country. Frank Riolo, CEO of Borrego Springs Bank, N.A., wrote an article for our newsletter, and we are fortunate to have him as one of our speakers today. We encourage all of our banks to use these success stories as models that can be adapted to their own institutions.

In addition, the OCC's Native American Working Group has continued to track financing issues that impact Native Americans, work with tribal groups interested in establishing a national bank, and coordinate OCC policy and guidance as it relates to Native American banking issues. This working group consists of representatives from our Law Department, Community Affairs Division, Licensing Division, and Compliance Operations Division who are involved in Native American issues. This group is the actual sponsor of today's forum, and I would like to thank them for the work they have done to bring us together.

Finally, together with the Federal Reserve Board, the OCC has co-sponsored a number of Sovereign Lending Task Force Workshops over the past several years. These workshops include tribes, financial institutions, and a variety of economic development organizations. They focus on the economic and demographic characteristics of the tribes represented and feature discussions on current lending practices, barriers to lending, and ways to increase access to credit. The workshops also provide an opportunity for financial institutions to hear what financial services tribes need and for the tribal leaders in attendance to understand what information banks use in making business decisions.

Why have we called together today's Forum on Native American Banking? It is because we believe in taking affirmative steps to help the banks that we supervise overcome barriers to access to financial services for Native Americans. We want to continue to improve our understanding of what these barriers are and stay abreast of new methods of overcoming these barriers so that we can assist national banks in their efforts to be part of the solution to providing fair access to financial services in Indian country. It is an appropriate time to hold this forum since we are able to draw on the recent work of our colleagues at the Treasury Department's CDFI Fund who devoted substantial resources to identifying barriers to accessing capital and possible remedies for Native Americans.

Addressing these barriers will be the focus of our discussions here today. The panelists we have assembled were invited because of their experience in thinking through these issues and developing innovative solutions. We have representatives on our panels from large national

banks, a tribally owned national bank, a tribe from Nebraska that has established its own economic development corporation, and two nonprofits that work in different ways to catalyze economic development on tribal lands.

While I believe that the presence of banks is crucial for any community's economic strength, I also realize that economic development in Indian country sometimes requires non-bank financial intermediaries to participate in channeling capital into new businesses, housing units, infrastructure, and other job and wealth creating activities. The CDFI Fund's Native American Technical Assistance Program, or NACTA, was established to assist tribes in determining the most appropriate financial intermediary to accomplish this much needed economic development. A bank may not always be the answer, and we are fortunate to have this new program at the CDFI Fund to help tribes ask the right questions to get the best possible solutions.

I would like to thank all of our speakers, in advance, for taking the time to prepare presentations that we will all learn from, and also note that we will post these presentations on our Native American Banking Resource Directory, so that they can serve as an on-line resource for banks, tribal organizations, and other interested parties.

By the time you regroup at the end of the day, you will have heard how different organizations and individuals have been able to increase the availability of capital in the markets in which they operate. My hope is that listening to their experiences will provide all of us with the inspiration to develop or expand our efforts to make capital and other financial services more accessible on tribal lands. Those who are here from the OCC hope to learn from the banks, tribes, and others

working in this field whether there are issues with respect to banks lending, investing, and providing services in Indian country that might be clarified through the OCC's issuance of supervisory guidance.

Thank you all for coming here, and I expect that we will have an informative and productive day.