



Banking in Indian Country

BRIAN SULLIVAN: Hey, welcome back to another in our special series of the FDIC Podcast, we call Banking on Inclusion. In this series, the FDIC, along with the National Bankers Association, look at banks and bankers and banking practices that work to expand financial inclusion to everyone, most especially the unbanked.

Today we look at banking in Indian Country with two bankers who lead Native-owned and operated institutions and who work and lend in communities, where if not for these banks, there may not be a bank at all. And to show you just how important these institutions are, let's take a look at some numbers. In a 2019 survey, the FDIC found that just under five-and-a-half percent of all U.S. households were unbanked and just two point five percent among white households. Now that sounds good, but by contrast the unbanked rate for American Indian or Alaskan Native households was sixteen point three percent, three times greater than for all U.S. households.

We must point out that the opinions expressed here may not necessarily reflect those of the FDIC. Joining us today to discuss the challenges and opportunities of banking in Indian country are two bankers who should know: **Tom Ogaard** is the president and chief executive officer of Native American Bank based in Denver, Colorado, and **Susan Plumb** chairman and CEO of the Bank of Cherokee County based in Hulbert, Oklahoma, about an hour east of Tulsa. Well, hello to you both, thank you so much for joining us today.

Hey Tom. Let's begin with you, Native American Bank. Got it started what, nearly 35 years ago?

TOM OGAARD: Well, Native American Bank is an interesting entity, the charter for this bank was brought about by an action from Congress in 1998. And so with that charter, eleven tribes came together to pull in the capital needed to get the bank started. They purchased the Blackfeet National Bank in Browning, Montana, and so that gave them their first banking entity, and then created the work area here in Denver. In part, because we traveled throughout the country. The bank services a number of Native populations throughout the entire United States, including Alaska, and so for us, travel is important and having access to get around was important. So, that's a little bit of, of the background on Native American Bank and we continue to support access to financial services and we try to do that as much as possible throughout the country.

BRIAN SULLIVAN: Susan, you've been in banking for now more than 20 years, you practiced law in Cherokee County. You're a fixture around those parts, right? Tell us about your bank.

SUSAN PLUMB: Yeah, so we were founded in Indian Territory, actually pre statehood just barely pre Oklahoma statehood, by a group of Cherokee citizens in Hulbert. One of whom is William Wirt Hastings, he was a Cherokee governmental official and held many positions in the Cherokee government, but he was also a United States Congressman. I think at the time, no it was after the bank was founded that he was elected to Congress. So we have been continuously Native American-owned since that time...that was 1907.

BRIAN SULLIVAN: Wow.

SUSAN PLUMB: Yeah.

BRIAN SULLIVAN: Well, you know, Tom, you had talked about the geography, you just hinted at the geography of Indian Country in some parts of our Nation its vast and research tells us that there aren't many banks in Indian Country as compared to other places. And that has got to be a challenge for those families and small businesses looking to access capital when there may not even be a bank.

TOM OGAARD: Well, that's exactly the case. And if you look at some of the places where we go in Montana, in the Dakotas, certainly up in Alaska, there may be, talking to one tribal leader he had a 70 mile, one way trip just to get to a bank. So access to financial services is a huge need in Indian Country. And it encompasses a number of different things. I mean, it's not just access, but as you indicated there's a I think a, a cash culture in many tribal reservation communities and, and in part, because there's no access to financial services.

And even when there is, it may be an intimidating prospect for them to want to work with the bank. And so financial literacy, for us, is a big part of what we do. We have, you know, little vignettes on our, our website where individuals can go in and it just really breaks down what does it mean to open a checking account or get a loan or those types of things.

And so trying to bring access and opportunity to various parts of the country requires a number of different things depending on what's needed in that particular area. So working with tribal leaders, working with the local community, working with other organizations, sometimes it's a non-bank CDFI or Community Development Financial Institution that may be a local there that provides small dollar loans.

We try to help in whatever fashion, not to necessarily be the entity, but to be a partner and not to try to displace what might already be there.

BRIAN SULLIVAN: Right. You know, Susan, am I wrong to believe that Native American minority depository institutions rely on, they're deeply rooted in relationship banking?

SUSAN PLUMB: Yeah. You know, let's get back just a minute to your unbanked statistic because, I think it may even be higher than that sixteen percent number and I'll tell you, I'll give you an anecdotal illustration. We have a tribe that, cashed, we agreed to cash their stimulus checks, they did a per-capita stimulus check. Two, or I think there were two issues with those checks and of course all over town there's check-cashing, even other financial institutions were not going to cash those checks for free and of course we have a close relationship with the tribe and we agreed to cash the checks for free. And, you know, you can, you can get an anecdotal idea of how many people don't have a bank account when they're not, they don't have a place to deposit the money. And that number was over 30

percent during that, during that check cashing and people were lined up really down, down, we're on a busy highway and they were lined up down the highway.

And it really, that was of course it was after COVID, but I think COVID has exacerbated the situation in a way that, well, I mean, who can predict a pandemic, but, but the negative results, you know, whenever banks shut down in these really small towns, like, you know, there's one bank in Hulbert. There's a lot of towns with four and five hundred people that have no bank at all. And it's not necessarily geographic, but there's no, you know, when you don't have a bank, the town will dry up. I mean, basically, if you don't have a bank and a school, the town will dry up and, and you know, a lot of the bigger midsize, even some smaller banks just shut their they just shuttered their branches and it's cheaper, you know, to not have a branch. And it's easy to say, well, they can just, they can just do get their banking online. But that's, that's not really the way it works in small towns. So. I think COVID really caused an even it caused more of an access issue.

BRIAN SULLIVAN: Tom, did you, do, did you see that too? I mean, we hear that, you know, not surprisingly, most people, primarily use their mobile device and their computer to bank, but it seems in Indian Country where this relationship banking is so important, and where there are so few bank branches, that something like what Susan just mentioned can come along and really expose this gap in access.

TOM OGAARD: Well, Susan is exactly right. And we have and my example would be, we have a branch obviously in Browning, Montana, it's in Northern Montana. The tribal reservation abuts the Canadian border, so it is very rural. And depending on what happened during the pandemic in this case, you know, various tribes said about their own policies and practices about what accessibility was going to look like.

Are business going to be open? Are tribal services going to be open? And so in our case in Browning, we had to close our doors and simply use the drive-up. And so, again, we had cars lined up down the road, as many as 80, was the count at one point, to try and cash checks or do banking services.

And of course, if people just need cash there's, you know, they have access to an ATM or those kinds of things. And even though we have all the modern, and up-to-date, you know, phone apps and those kinds of things, banking really is a face-to-face transactional type of event, particularly in Indian Country. And as you're going to build relationships, it's not done over the phone, it's not done in you know, Zoom calls or those kinds of things, it's face-to-face. And consequently, not having that available, created, a number of a number of other issues. And so trying to provide the best service we could during those times, even opening new accounts and we have that capability online, but the pandemic did exacerbate the situation. So again, the access, the opportunity to have financial services, I think was compromised a bit.

BRIAN SULLIVAN: Hey Susan, well, I'd like you both maybe to address this, if you could beginning with you, Susan. With all this technology that we've been talking about, do you feel it's, it's widened some gap here or does it look to close that gap and bring more Native American and Alaskan Native families into the banking system?

SUSAN PLUMB: Well, you know, the silver lining for us, as an institution, is where we see those gaps open up we're intentionally going there, we're going where the gaps are. And hopefully we can do that

in a more culturally informed way than the bigger banks that withdrew from the environment have done. And, you know, the relational part of it, I didn't understand that that was unique until, we became a CDFI and really every, every year that goes by, I, I think we're more unique, you know, as the number of banks in the United States shrinks, because they're garnering efficiency and have algorithms and artificial intelligence that informed their decision-making but that's just not, that's not our model. And, we just, we we're going to have all that technology because honestly, it's getting cheaper and cheaper to have and easier to access, but I always say, well, you'd want all that technology until you actually want a real person. And then when you want and need a real person, you want and need a real person.

And I think we'll, I think the smaller banks and particularly Native banks, we're going to be positioned very well to be able to do that because it's, it's a core, it's, it's a part of our value system. So.

BRIAN SULLIVAN: Yes, Tom, are you hopeful that technology is going to close this gap?

TOM OGAARD: Well, we've invested quite a bit in technology in the last four or five years because we do feel it is important. And I think, I think it's generational when you look at Indian Country, you know, the, the, the younger population obviously takes to that technology more quickly. And while in some places we go, in the Dakotas, or in New Mexico or even Arizona, they may not have electricity. And so it's, everybody seems to have a phone, so how we can make it adaptable and, and help people get comfortable using that technology is certainly a key for us. The face-to-face relationship aspect of banking in Indian Country is always going to be there.

I mean, there's 5,000 banks in the U.S. and tens of thousands of branches, but between the regulators, there's only eighteen Native owned banks in the country, eighteen. And so the need for more banks, particularly those that cater to, you know, Indian Country or Alaskan Native populations, I mean, the need is, absolute and all the things that you try to do, whether it's housing, whether it's, to try and create diverse economies so there's jobs. So you sustain jobs or you create jobs in some of these communities or you help the tribe in other ways, because there's only so much economic development you can do in some of these small communities particularly that are reservation based. So help the tribe move off the reservation and invest in other things so they can take those resources they earned back to their tribe and invest in their tribal programs. So it's, you know, it's a layered approach to try and bring access to financial services and, you know, we try to partner with any number of other banks or non-banks to do that depending on the location. So, it's never not going to be a need, in my opinion.

BRIAN SULLIVAN: Susan, maybe I'll turn it to you as we begin to wrap this up. As you look, crystal ball, you know, the near term future, and maybe even longer term, what's the state of banking in Indian Country as you see it?

SUSAN PLUMB: Well, we are, we're we were, of course COVID hit Native American communities in a way that is, not, it was definitely, we have some of the highest rates of the terrible end of COVID. And I would never want to make light of that. And in fact, it, it took an inordinate number of our Cherokee speakers and, and that is it's really tragic. But at the same time, it exposed to Congress, the fact that we have the ability to, for instance, the PPP program.

BRIAN SULLIVAN: Paycheck Protection Program.

SUSAN PLUMB: Yes and you know, our, the, our banks, we, we stepped right up. We had a lot of customers that came to us because they could not, they couldn't get a response from their larger institutions. And I think Congress really took note of that and said, okay, this is worth preserving and we're going to try to make sure that it's preserved. So we have some opportunities to expand because of that. And we're gonna grab a hold of that and we really are going to we're going to take what we do and not change our corporate culture, which has I would call it extreme relationship banking and we're gonna, we're gonna expand that.

Brian Sullivan Well, I want to thank you both for joining us, Tom Ogaard of Native American Bank in Denver, Susan Plumb, the Bank of Cherokee County in Oklahoma. I really appreciate you, letting us in and giving us a window into banking in Indian Country. Thank you so much.

TOM OGAARD: Thank you for having us, Brian.

SUSAN PLUMB: Thanks Brian.