CONFIDENCE IN COMMUNITY: THE GROWTH OF BLACK BANKS AND BUSINESSES

KYLE WERNIMONT AND GIGI WOLF, FEDERAL RESERVE BANK *of* KANSAS CITY

TEACHER INTRODUCTION:
This lesson is a complement to the Federal Reserve Bank of Kansas City's publication, *A Great Moral and Social Force* by Tim Todd. The book centers on the history of black-owned and run financial institutions throughout the United States from the 18th century to today. These institutions, also called Minority Depository Institutions (MDIs), provide financial opportunities for individuals and businesses within minority communities. The book, free and available by request through the Kansas City Fed website, https://www.kansascityfed.org/agreatmoralandsocialforce, also details the formation and lifespan of black-owned depository institutions across the United States that sought to provide financial stability to majority-minority areas, like Chicago, Richmond, and Boley, Oklahoma.

LESSON DESCRIPTION:
In this lesson, a complement to the Federal Reserve Bank of Kansas City's *A Great Moral and Social Force*, students will examine the establishment of black-owned and operated financial institutions in the United States and complete a role-playing activity that demonstrates the impact these institutions have in their respective communities. Students will analyze non-fiction texts on how financial institutions, specifically MDIs, create opportunity and adapt to market shifts. Students will also discern how environmental circumstances affect the financial wellbeing of communities. Students will work independently and collaboratively to interpret why minority-owned financial institutions were established and continue to be important to economic development and opportunity for individuals and communities.

GRADE LEVEL: 9-12, college

CONCEPTS: Financial institutions, bank run, Federal Deposit Insurance Corporation (FDIC), Minority Depository Institutions (MDIs), market, deposit, account balance

OBJECTIVES:
Students will be able to:
1. Distinguish the role of financial institutions, specifically Minority Depository Institutions (MDIs), within their communities.
2. Interpret the effect of bank runs on communities and the economy.
3. Explain how the Federal Deposit Insurance Corporation (FDIC) impacts consumers.
4. Analyze how MDIs have historically functioned within their communities.
5. Evaluate how bank services adapt to changes in the market.
6. Simulate banking practices in a fluctuating market, as customers and bankers.
7. Examine opinions on the importance of MDIs within their communities.
8. Calculate account balances related to deposits and withdrawals.

TIME REQUIRED: Two 50-minute class periods

MATERIALS:
- Visual 1: Bank Run in 1933
- Visual 2: Game Procedures
- Handout 1: Early Black Banks, one for each student
- Handout 2: Bank Type Cards, cut apart, one for each group
- Handout 3A: Non-MDI Banker Guide, one for each group that is non-MDI

- Handout 3B: MDI Banker Guide, one for each group that is MDI
- Handout 4: Customer Guide, one for each student
- Handout 5: Banker Ledger, one for each group
- Handout 6: Customer Transaction Sheet, one for each student
- Handout 7: Customer Deposit Slips, one set cut apart in advance for each customer
- Handout 8A: Non-MDI Market Cards, one set cut apart in advance for each non-MDI group
- Handout 8B: MDI Market Cards, one set cut apart in advance for each MDI group
- Handout 9: Banks of Boley Assessment
- Handout 9: Assessment Answer Key
- Writing utensil for each student
- Calculator for each student

DAY ONE PROCEDURE:

Teacher's Note - For additional information related to black banks in America or the effect of MDIs in their communities, refer to A Great Moral and Social Force: A History of Black Banks, available digitally at https://www.kansascityfed.org/about-us/a-great-moral-and-social-force/. *Print copies are also available and free upon request at kansascityfed.org/about-us/publication-request-form/.*

1. Ask students if they have a relationship with a bank.
2. Invite a few to share their experiences with banking.
3. Explain that banks and credit unions are also known as **financial institutions** or businesses that provide services, such as making loans, paying interest on accounts, and facilitating payments such as online, electronic, and person-to-person payments, etc.
4. Tell students that historically financial institutions have failed or gone out of business when too many depositors wanted to withdraw funds at the same time, also known as a **bank run**.
5. Display Visual 1: Bank Run in 1933.
6. Ask students to look at the visual and answer the following questions.
    - What do you think the individuals in the photo are feeling?
      (Answers will vary)
    - How might the economy be impacted if banks fail?
      (Answers will vary, but may include: it becomes unstable; consumers might not be willing to or have money to spend, which hurts the economy; banks could no longer lend so businesses might not thrive or be created; etc.)
    - Which bank service is more critical to a growing economy, lending or saving? Why?
      (Answers will vary, but may include: lending because more businesses could be developed and more could be spent on homes, education, vehicles, etc.; saving because it enables consumers to make large purchases in the future, spurring the economy; etc.)
7. Explain that the **Federal Deposit Insurance Corporation** or the **FDIC** is a United States government agency that supervises financial institutions and insures their deposits in the event of failure or other unexpected loss.
8. Tell students that the FDIC was created in 1933 to restore trust in the American banking system, which suffered due to economic instability and bank failures like the one in Visual 1.
9. Inform students that at that time financial institutions were primarily white-owned-and-run, prohibiting most Blacks and minorities from participating, so **Minority Depository Institutions**, or **MDIs**, were formed.
10. Define MDIs as federally insured depository institutions where 51 percent or more of the voting stock is owned by minority individuals or a majority of the board of directors is minority and the community that the institution serves is predominantly minority.

11. Explain that many MDIs failed prior to the establishment of the FDIC, primarily due to their commitment to serve their community, even at the risk of failure.
12. Distribute Handout 1: Early Black Banks, one to each student.
13. Ask students to divide into pairs or small groups to read the excerpt and answer the questions on the handout.
14. After 10-15 minutes, ask groups to share their response to one of the questions with the class, ensuring all questions are addressed by one group or another.
    - How did the founders of Woodfolk and Hunter banks view their role in the community?
      (Answers will vary, but may include: as financial support for all who needed it; as a source of help for any reason; as a way for people to get back on their feet, etc.)
    - What negative and positive consequences might result from publicizing depositor names and amounts?
      (Answers will vary, but may include: retribution to those who were named; not becoming a customer so as not to be exposed; potential robberies; increased scrutiny to those identified in their finances/accounts; could promote the businesses of those revealed; could incentivize some people to become customers for publicity; could motivate existing customers to deposit more for competitive reasons; could make them appear to be stable as an institution; etc.)
    - The text stated that many were not able to access their bank due to race-related violence across the city, which included the burning of homes, bombings, beatings in the street, shooting, and more, causing a total of 38 deaths, 23 of them Black, and more than 500 injuries. Imagine not having access to your bank, physically or online, and the FDIC does not yet exist. What assistance would you want your bank to provide without compromising its financial stability?
      (Answers will vary, but may include: increased lending to those with collateral; providing temporary sites/ways to get questions answered or access to your money; partnering with other institutions that could help offer liquidity; releasing a public statement reassuring customers; being proactive in communications with existing customers; etc.)

DAY ONE CLOSURE:

15. Explain that extenuating circumstances can affect how financial institutions function, such as environmental factors like the rioting mentioned in the reading or conditions within the market.
16. Define **market** as a place where buyers and sellers come together to exchange goods, services, and/or resources.
17. Tell students that in the next class they will play a game that demonstrates how markets can impact banks, including both MDIs and non-MDIs.
18. Ask students the following questions:
    - What role do financial institutions have within a market? How about their customers?
      (Answer: financial institutions are the sellers of banking services, and their customers are buyers)
    - How have MDIs historically impacted their communities?
      (Answer: MDIs provided services to minority customers that were denied elsewhere; MDIs offered financial assistance wherever needed in minority communities, etc.)
    - How does the FDIC affect bank customers?
      (Answer: the FDIC insures customer deposits in the event of bank failures or loss, so they can have confidence in using banking services)

DAY TWO PROCEDURE:

Teacher's Note – Cut apart Bank Type Cards and place them in a cup or upside down on a flat surface so they can be selected randomly by students. Also cut apart both sets of Market Cards (non-MDI and MDI), then shuffle and stack them together.

19. Remind students that they will play a game that shows how changes in the market can affect financial institutions and their impact within the community.

20. Ask students the following as review:
    - What is it called when too many depositors want to withdraw funds simultaneously?
      (Answer: bank run)
    - How does the Federal Deposit Insurance Corporation or FDIC impact bank customers?
      (Answer: the FDIC gives customers a sense of safety and security because their deposits are insured if there is failure or unexpected loss)
    - How do MDIs differ from other financial institutions?
      (Answer: For MDIs 51 percent or more of the voting stock is owned by minority individuals or a majority of the board of directors is minority and the community that the institution serves is predominantly minority)
21. Display Visual 2: Game Procedures and read 1-15 aloud.
22. Divide students into small groups of no more than five students per group.
23. Invite students to take the next two minutes to decide on a name for their bank.
24. Ask students to choose one person to serve as the banker in their group.
25. Return to Visual 2: Game Procedures and read aloud the materials needed for bankers and customers (from the table at the bottom).
26. Place Handout 2: Bank Type Cards in a cup or upside down on a flat surface.
27. Invite bankers from each group to randomly draw one Bank Type Card to determine their bank type, which will be either non-MDI or MDI.

    Teacher's Note – Add or subtract the total number of Bank Type Cards to ensure half of the groups select the MDI bank type.

28. Ask bankers to share their bank type with their group based on the Bank Type Card they selected.
29. Instruct bankers to write their group's bank name on their Bank Type Card.
30. Distribute Handout 3A: Non-MDI Banker Guide, one to every non-MDI bank group.
31. Distribute Handout 3B: MDI Banker Guide, one to each MDI bank group.
32. Distribute Handout 4: Customer Guide, one to every student (including bankers).
33. Distribute Handout 5: Banker Ledger, one per round for each banker (5 or more sheets, depending on time permitted).
34. Distribute Handout 6: Customer Transaction Sheet, one to every student (including bankers).
35. Distribute Handout 7: Customer Deposit Slips, one set cut apart for every customer.
36. Distribute Handout 8A: Non-MDI Market Cards, one set cut apart, given to each non-MDI banker.
37. Distribute Handout 8B: MDI Market Cards, one set cut apart, given to each MDI banker.
38. Invite groups to start the game and to reference their respective guides if additional direction is needed.

    Teacher's Note – Keep Visual 2 on display for entirety of game play. Allow students to play until there is about 10 minutes left in the class period.

DAY TWO CLOSURE:

39. Ask the bankers of each group to share their bank's ending total with the class, including whether they are a non-MDI or MDI bank.
40. Identify the bank with the highest total as the game "winner".
41. Ask students the following questions:
    - Why did total amounts for MDI vs. non-MDI banks differ significantly?
      (Answers will vary, but may include: MDI banks faced more challenges in their communities and provided extra services to their customers.)
    - Which customers, MDI or non-MDI, had a better banking experience, even during market volatility? Why?
      (Answers will vary, but may include: MDI customers received more services from their bank; non-MDI customers still had a bank that did not close or fail, etc.)

- How might market conditions impact other businesses in a community?
  (Answers will vary, but may include: they could make it difficult for other businesses to meet customer demand and/or supply the goods/services needed in a timely manner, etc.)

42. Collect Banker and Customer Guides and Market Cards for future use.

ASSESSMENT:

- Distribute Handout 9: Banks of Boley Assessment, one to each student.
- Instruct students to read the excerpt on the handout and to respond to the questions that follow.
- Ask students to turn in their completed handout at the end of class.
- Use Handout 9: Assessment Answer Key for correct responses.

EXTENSION:

- Use the Kansas City Fed's lesson called Progress Through Parity to provide a background on the creation of some of the first black-owned-and-operated banks in the United States. It can be found at: https://www.kansascityfed.org/Education/documents/7568/progress-through-parity-lesson-plan.pdf
- *Let Us Put Our Money Together: The Founding of America's First Black Banks,* is available at https://www.kansascityfed.org/about-us/let-us-put-our-money-together-founding-americas-first-black-banks/

VOLUNTARY NATIONAL CONTENT STANDARDS IN ECONOMICS

- Content Standard 7: A market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
- Content Standard 10: Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

COMMON CORE STANDARDS

Reading Standards for Literature 6-12:

- Grades 9-10 students: Key Ideas and Details 1 - Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.
- Grades 11-12 students: Key Ideas and Details 1 - Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text, including determining where the text leaves matters uncertain.
- Grades 9-10 students: Range of Reading and Level of Text Complexity 10 - By the end of grade 9, read and comprehend literature, including stories, dramas, and poems, in the grades 9–10 text complexity band proficiently, with scaffolding as needed at the high end of the range. By the end of grade 10, read and comprehend literature, including stories, dramas, and poems, at the high end of the grades 9–10 text complexity band independently and proficiently.
- Grades 11-12 students: Range of Reading and Level of Text Complexity 10 – By the end of grade 11, read and comprehend literature, including stories, dramas, and poems, in the grades 11–CCR text complexity band proficiently, with scaffolding as needed at the high end of the range. By the end of grade 12, read and comprehend literature, including stories, dramas, and poems, at the high end of the grades 11–CCR text complexity band independently and proficiently.

Reading Standards for Informational Text 6-12:

- Grades 9-10 students: Key Ideas and Details 1 - Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.
- Grades 11-12 students: Key Ideas and Details 1 - Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text, including determining where the text leaves matters uncertain.
- Grades 9-10 students: Range of Reading and Level of Text Complexity 10 - By the end of grade 9, read and comprehend literary nonfiction in the grades 9–10 text complexity band proficiently, with scaffolding as needed at the high end of the range. By the end of grade 10, read and comprehend literary nonfiction at the high end of the grades 9–10 text complexity band independently and proficiently.
- Grades 11-12 students: Range of Reading and Level of Text Complexity 10 – By the end of grade 11, read and comprehend literary nonfiction in the grades 11–CCR text complexity band proficiently, with scaffolding as needed at the high end of the range. By the end of grade 12, read and comprehend literary nonfiction at the high end of the grades 11–CCR text complexity band independently and proficiently.

Writing Standards 6-12:

- Grades 9-10 students: Research to Build and Present Knowledge 9 - Draw evidence from literary or informational texts to support analysis, reflection, and research. Apply grades 9–10 Reading standards to literature. Apply grades 9–10 Reading standards to literary nonfiction.
- Grades 11-12 students: Research to Build and Present Knowledge 9 - Draw evidence from literary or informational texts to support analysis, reflection, and research. Apply grades 11–12 Reading standards to literature. Apply grades 11–12 Reading standards to literary nonfiction.

Speaking and Listening Standards 6-12:

- Grades 9-10 students: Comprehension and Collaboration 1 - Initiate and participate effectively in a range of collaborative discussions with diverse partners on grades 9–10 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively. Propel conversations by posing and responding to questions that relate the current discussion to broader themes or larger ideas; actively incorporate others into the discussion; and clarify, verify, or challenge ideas and conclusions. Respond thoughtfully to diverse perspectives, summarize points of agreement and disagreement, and, when warranted, qualify, or justify their own views and understanding and make new connections in light of the evidence and reasoning presented.
- Grades 11-12 students: Comprehension and Collaboration 1 - Initiate and participate effectively in a range of collaborative discussions with diverse partners on grades 11–12 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively. Propel conversations by posing and responding to questions that probe reasoning and evidence; ensure a hearing for a full range of positions on a topic or issue; clarify, verify, or challenge ideas and conclusions; and promote divergent and creative perspectives. Respond thoughtfully to diverse perspectives; synthesize comments, claims, and evidence made on all sides of an issue; resolve contradictions when possible; and determine what additional information or research is required to deepen the investigation or complete the task.

Reading Standards for Literacy in History/Social Studies 6-12:

- Grades 9-10 students: Key Ideas and Details 1 - Cite specific textual evidence to support analysis of primary and secondary sources, attending to such features as the date and origin of the information.
- Grades 11-12 students: Key Ideas and Details 1 - Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.

- Grades 9-10 students: Range of Reading and Level of Text Complexity 10 - By the end of grade 10, read and comprehend history/social studies texts in the grades 9–10 text complexity band independently and proficiently.
- Grades 11-12 students: Range of Reading and Level of Text Complexity 10 - By the end of grade 12, read and comprehend history/social studies texts in the grades 11–CCR text complexity band independently and proficiently.

Writing Standards for Literacy in History/Social Studies, Science, and Technical Subjects 6-12:

- Grades 9-10 students: Research to Build and Present Knowledge 9 - Draw evidence from informational texts to support analysis, reflection, and research.
- Grades 11-12 students: Research to Build and Present Knowledge 9 - Draw evidence from informational texts to support analysis, reflection, and research.

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VISUAL 1: BANK RUN IN 1933

Photo credit: Bettmann/Bettmann/Getty Images

KYLE WERNIMONT AND GIGI WOLF, FEDERAL RESERVE BANK *of* KANSAS CITY

VISUAL 2: GAME PROCEDURES

1. The class will divide into small groups.
2. Each group will represent a bank, either an MDI or a non-MDI.
3. One person in each group will serve as the banker.
4. Bankers are responsible for accepting deposits, following market conditions, and managing the bank's overall accounts. **Deposits** are money put in a bank account.
5. All others in the group will be customers.
6. Customers will receive monthly paychecks and determine what portion to deposit into their bank but will also be subject to market conditions.
7. The game will include several rounds and each round will represent a different month.
8. At the beginning of each round (month), the banker will randomly draw a Market Card and read it aloud to their group.
9. Groups must do what the Market Card says for that round.
10. Bankers will have a ledger to keep track of customer transactions and the bank's overall accounts each round.
11. Customers will also record their individual transactions and account balance per round. An **account balance** is the total amount deposited and withdrawn.
12. We will play five or more rounds as time allows.
13. Each bank will start with $10,000 and customers will receive $1,000/month in pay.
14. The group with the highest amount in their bank at the end wins the game!
15. In the game, the FDIC does not yet exist, so bank failures or loss are possible.

MATERIALS NEEDED	
BANKER	**CUSTOMERS**
Handouts 3A/3B Banker's Guide (Either Non-MDI or MDI)	Handout 4 Customer's Guide
Handout 2 Bank Type Card (Either Non-MDI or MDI)	Handout 6 Customer Transaction Sheet
Handouts 8A/8B Market Cards (Either Non-MDI or MDI)	Handout 7 Customer Deposit Slips
Handout 5 Banker Ledger	

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HANDOUT 1: EARLY BLACK BANKS (1 OF 2)

As individuals and families sought homes in the [Chicago] area, the population influx began to push beyond the Black Belt's traditional racial barriers and into nearby white neighborhoods Starting around 1917 and increasing in the years that followed, this period saw the introduction of restrictive covenants barring the sale of homes, primarily to Black buyers but also to other minorities, and a rash of bombings of Black residences. These incidents, as well as a number of street fights and brawls with sides drawn along racial lines, would later be seen as a preamble to the most violent and deadly episodes of racial violence in U.S. history.

At the time, South Side was home to three Black banks. The institutions, all named for their founders, were Binga Bank, established by Jesse Binga in 1908; R.W. Hunter Banking Company, which also included a real estate brokerage, established by its namesake in 1917 with branch offices in Chicago and other cities; and Woodfolk Banking Company, established by former Hunter employee Roger Woodfolk in 1918 but not officially open for business until late May 1919.

The Woodfolk and Hunter banks were short-lived – both failed in 1919 – due in no small part to their willingness to place community needs above their own financial interests. The Woodfolk bank cashed around $20,000 in checks, the equivalent of $300,000 in modern-day amounts, for individuals who did not have deposit accounts with the bank and, in some cases, did not have identification. The amount nearly equaled its total deposits at the time. Hunter, meanwhile, extended about twice that amount in loans, providing money to tide families over until it was safe for the breadwinner to return to work. Hunter's other actions were detailed in a newspaper report:

> [Bank] officials from the President R.W. Hunter down ran the gauntlet with their fleet of automobiles, carrying their brave … men and women employees to and from the banks. Money was passed out to the hundreds who were caught in this terrible storm. There were those who had money somewhere in some bank, that money [could] not be reached only by facing death to enter or get to a white man's bank. There were those who had hard-earned money over there somewhere across that death line. There were those who had no money but were in distress. All were given the assistance of this … bank that was on the ground with resources and willing and able under the direction of its president to do for the race what no other institution could do.

Of the two institutions, the Hunter collapse was likely the most shocking to the community and bank depositors. Since its establishment, Hunter Banking Company had been aggressive in both its vision and promotion – the latter to an almost uncomfortable degree in some instances. The bank promised depositors 8 percent interest and touted that it handled more than a half million dollars over a nine-month span. It supported the claim by publishing a list of 25 recent deposits, including the names of each of the depositors and the amounts deposited. Thus, readers of the Nov. 2, 1918, issue of The Chicago Defender could learn that Pharmacist William H. Huff deposited $4,377.74.

Excerpt: A Great Moral and Social Force, pages 80, 82-83

HANDOUT 1: EARLY BLACK BANKS (2 OF 2)

Instructions: Answer the following questions after reading the excerpt on the previous page.

1. How did the founders of Woodfolk and Hunter banks view their role in the community?

2. What negative and positive consequences might result from publicizing depositor names and amounts? Provide two or more examples of each.

3. The text stated that many were not able to access their bank due to race-related violence across the city, including burning of homes, bombings, beatings in the street, shooting, and more, causing a total of 38 deaths, 23 of them Black, and more than 500 injuries. Imagine not having access to your bank, physically or online, and the FDIC does not yet exist. What assistance would you want your bank to provide without compromising its' financial stability?

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HANDOUT 2: BANK TYPE CARDS

Your group is a non-MDI bank. **Bank Name:**	Your group is an MDI bank. **Bank Name:**
Your group is a non-MDI bank. **Bank Name:**	Your group is an MDI bank. **Bank Name:**
Your group is a non-MDI bank. **Bank Name:**	Your group is an MDI bank. **Bank Name:**

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HANDOUT 3A: NON-MDI BANKER GUIDE

Objective: When time is up, be the group with the highest dollar amount in your bank!

Responsibilities:

- Keep track of the bank's account totals using the Banker Ledger, one sheet per month (round).
- Randomly draw a Market Card at the beginning of each round and read it aloud to your customers.
- Help customers complete Market Card instructions.
- Receive customer deposits and record on Banker Ledger for that month (round).
- Follow the instructions on the Market Card by adding or subtracting from the bank's and/or customers' accounts accordingly.

How To Play:

1. Shuffle and stack your set of Market Cards and place them upside down (like a deck of cards).
2. On the Banker Ledger, record your starting account totals of $10,000 and write the first month (January).
3. Draw a Market Card from the stack and read it aloud.
4. Give customers <u>two minutes</u> after the Market Card is read and applied to complete and turn in their Customer Deposit Slips.
5. After ensuring Market Card effects have been applied, record customer deposits on the Banker Ledger, including:
   a. Customer name
   b. Previous Account Balance *(Total deposits from all rounds thus far - $0 in January)*
   c. Deposit amount for this round
   d. Current Account Balance *(This round's deposit + Previous Account Balance)*
6. Calculate Total Deposits and Bank Account Totals for this round and record at the bottom of the ledger where indicated.
7. Start a new ledger for the next month (round) and write the month and Current Account Totals at the top.
8. Repeat steps 3-6 for each round.

Reminders:

- Ensure customers follow ALL applicable Market Card instructions.
- Use a calculator as needed to double check your and your customers' calculations.
- If customers take longer than two minutes to give you their Customer Deposit Slip for that round, do NOT accept it.
- You may accept deposits from customers who are not in your group.
- Do NOT share bank account balances with customers – keep all amounts private!

HANDOUT 3B: MDI BANKER GUIDE

Objective: When time is up, be the group with the highest dollar amount in your bank!

Responsibilities:

- Keep track of the bank's account totals using the Banker Ledger, one sheet per month (round).
- Randomly draw a Market Card at the beginning of each round and read it aloud to your customers.
- Help customers complete Market Card instructions.
- Receive customer deposits and record on Banker Ledger for that month (round).
- Follow the instructions on the Market Card by adding or subtracting from the bank's and/or customers' accounts accordingly.
- Keep customers informed of customer account balances.

How To Play:

1. Shuffle and stack your set of Market Cards and place them upside down (like a deck of cards).
2. On the Banker Ledger, record your starting account totals of $10,000 and write the first month (January).
3. Draw a Market Card from the stack and read it aloud.
4. Give customers <u>two minutes</u> after the Market Card is read and applied to complete and turn in their Customer Deposit Slips.
5. After ensuring Market Card effects have been applied, record customer deposits on the Banker Ledger, including:
    a. Customer name
    b. Previous Account Balance *(Deposits from all rounds thus far - $0 in January)*
    c. Deposit amount for this round
    d. Current Account Balance *(This round's deposit + Previous Account Balance)*
6. Calculate Total Deposits and Bank Account Totals for the round and record at the bottom of the ledger where indicated.
7. Announce all customer deposit amounts for this round.
8. Start a new ledger for the next month (round) and write the month and Current Account Totals at the top.
9. Repeat steps 3-7 for each round.

Reminders:

- Ensure customers follow ALL applicable Market Card instructions.
- Use a calculator as needed to double check your and your customers' calculations.
- If customers take longer than two minutes to give you their Customer Deposit Slip for that round, do NOT accept it.
- You may accept deposits from customers who are not in your group.
- Be sure to share each customer's deposit totals for each round but keep the bank's totals private!

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HANDOUT 4: CUSTOMER GUIDE

Objective: When time is up, be the group with the highest dollar amount in your bank!

Responsibilities:

- Determine how much of your pay ($1,000/month) you'd like to deposit into the bank each round. You can deposit up to 20% per month because the rest is needed for living expenses.
- Within two minutes after the Market Card is read by the banker, determine and privately record your deposit amount for the round (month) using a Customer Deposit Slip and give it to your banker. Remember that the maximum amount you can deposit in any round is 20% of pay received that month, whatever that amount may be.
- Keep track of your deposits and whatever is left each round by recording the appropriate amounts on your Customer Transaction Sheet.
- Follow instructions that are given by your banker and on the Market Card each round.

How To Play:

1. Write your name on all twelve Deposit Slips.
2. For each round (month), listen to your banker read the Market Card and follow whatever instructions are given.
3. You then have <u>two minutes</u> to determine the amount, if any, you will deposit into your bank for that round while also applying any Market Card instructions.
4. Write the amount you want to deposit on the Customer Deposit Slip for that month and give it to your banker without sharing with other customers.
5. Use the Customer Transaction Sheet to record this round's deposit and your new account balance, including any amount left over from previous rounds.
6. Repeat steps 2-5 for each round.

Reminders:

- Ensure you follow ALL applicable Market Card and banker instructions.
- Use a calculator as needed to double check your calculations.
- Each deposit must not exceed 20% of your monthly pay, which starts at $1,000/month and may be adjusted based on market conditions per round.
- You may NOT deposit money left over from previous rounds.
- Do NOT share your deposit amounts or your Customer Transaction Sheet with others.

CONFIDENCE IN COMMUNITY: THE GROWTH OF BLACK BANKS AND BUSINESSES

KYLE WERNIMONT AND GIGI WOLF, FEDERAL RESERVE BANK *of* KANSAS CITY

HANDOUT 5: BANKER LEDGER

Month ___________________ **Account Totals** _______________

Market Card Effect				
Customer Name				
Previous Account Balance *(Last round's Current Account Balance)*				
Deposit Amount				
New Account Balance				

Total Deposits ___________________

(Add up all customer deposits for this month)

Bank Account Totals ___________________

(Account Totals + Total Deposits this month)

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HANDOUT 6: CUSTOMER TRANSACTION SHEET (1 OF 2)

Month	January	February	March	April	May	June
Pay						
Living Expenses *(at least 80% of pay)*						
Market Card Effect *(if any)*						
Amount Deposited *(no more than 20% of pay)*						
Account Balance *(Amount Deposited + Previous Month's Account Balance)*						

KYLE WERNIMONT AND GIGI WOLF, FEDERAL RESERVE BANK *of* KANSAS CITY

HANDOUT 6: CUSTOMER TRANSACTION SHEET (2 OF 2)

Month	July	August	September	October	November	December
Pay						
Living Expenses *(at least 80% of pay)*						
Market Card Effect *(if any)*						
Amount Deposited *(no more than 20% of pay)*						
Account Balance *(Amount Deposited + Previous Month's Account Balance)*						

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HANDOUT 7: CUSTOMER DEPOSIT SLIPS

January	February	March	April	May	June
Name	Name	Name	Name	Name	Name
Deposit Amount	Deposit Amount	Deposit Amount	Deposit Amount	Deposit Amount	Deposit Amount
$ ____________	$ ____________	$ ____________	$ ____________	$ ____________	$ ____________
July	**August**	**September**	**October**	**November**	**December**
Name	Name	Name	Name	Name	Name
Deposit Amount	Deposit Amount	Deposit Amount	Deposit Amount	Deposit Amount	Deposit Amount
$ ____________	$ ____________	$ ____________	$ ____________	$ ____________	$ ____________

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HANDOUT 8A: NON-MDI MARKET CARDS

Inheritance: Banker selects one customer to receive an extra 75% in pay	**Penny Pinching:** All customers receive 50% of their pay	**Market Crash:** The bank loses half of its current Account Total due to risky investments	**Market Windfall:** The economy is booming, and all customers receive an extra 50% in pay
Bank Run: All customers are worried their money is not safe and withdraw deposits they made last month	**Priority Banking:** Banker selects two customers to double their deposits for interest they have earned by opening investment accounts	**National Holiday:** No deposits can be accepted this month	**Market Volatility:** Banker ensures all customers deposit a different amount without revealing other customers' deposits
Competition: Banker selects one customer who switches banks and withdraws their Account Balance to take with them	**Good Harvest:** Banker selects two customers who can choose to deposit all their pay this month	**Natural Disaster:** Customers worry they won't have access to their money later and withdraw deposits from the last two months	**Bank Merger:** The bank has tripled in size and decides to match all deposits (doubling each deposit)
Family tragedy: Banker selects one customer who forgets to make a deposit this month	**Accounting Error:** Due to mismanagement, all deposits must be reduced by 25% this month	**Relocation Package:** Banker selects one customer who withdraws their Account Balance and swaps with another customer at a different bank who brings their deposits with them	**Soaring Prices:** Due to inflation, the bank must reduce each deposit by 25%

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HANDOUT 8B: MDI MARKET CARDS

Good Harvest: Banker selects one customer who can choose to deposit all their pay this month	**Market Volatility:** All depositors must deposit a different amount	**Accounting Error:** Due to mismanagement, all deposits must be reduced by 50% this month	**Bank Run:** All customers are worried their money is not safe and withdraw their Account Balances
Job Cuts: Banker picks two customers who lost their jobs this month to receive no pay	**Natural Disaster:** Customers worry they won't have access to their money later and withdraw their Account Balance	**Market Crash:** The bank loses half of its current Account Total due to risky investments	**Community Goodwill:** To promote economic growth, the bank only accepts 50% of each customer's deposit for the month
Community Tragedy: Banker selects three customers who forget to make deposits this month	**Competition:** Banker selects one customer who chooses to switch banks and takes their Account Balance with them	**Entrepreneurial Spirit:** To help promote small businesses, banker selects two customers who do not deposit anything this month	**Penny Pinching:** All customers receive 75% of their pay
National Holiday: No deposits can be accepted this month	**Soaring Prices:** Due to inflation, the bank must reduce each deposit by 50%	**Hostile Takeover:** Banker selects one customer who withdraws 50% of their Account Balance and switches to another bank	**Public Perception:** To assure customers after a bank run, the bank increases lending and adds 25% to all deposits

HANDOUT 9: BANKS OF BOLEY ASSESSMENT (1 OF 2)

Instructions: Read the excerpt below and respond to the questions on the following page.

[The] initial post-war exodus from the South [included] families who migrated to urban centers. There, they began to establish towns where most of the population was Black. Among these were Nicodemus, Kansas; Dearfield, Colorado; and settlements in central and western Nebraska. No state, however, rivaled the area that is now Oklahoma. More than 50 Black towns and settlements were established in the state and perhaps the most successful of these was Boley.

[Boley] was officially incorporated in spring 1905. Almost immediately, a community bank was established. [When] the Farmers and Merchants Bank of Boley was organized there were around 20 Black banks in the United States. Farmers and Merchants was among the first of a new kind of institution – one purely focused on the traditional business of banking. When the bank opened it served a community that included around 20 businesses. Booker T. Washington visited Boley and said the community was **"the most enterprising and in many ways the most interesting of the Negro towns in the United States"**.

In late 1907, the town added another bank, Boley Bank and Trust, [which] merged with Farmers and Merchants Bank in early 1910. Each institution was a true community bank in every sense of the term, with not only local officers and shareholders, but also in providing community leadership. The banks were heavily involved in agricultural lending and real estate. Typical loans were for a few hundred dollars at 2 percent monthly interest. Around 75 percent of the farmers around Boley were Black, and the average farm was less than 100 acres. For these producers, Farmers and Merchants would most likely have been the only option for obtaining financing.

In 1910, a local resident named B.F. Brown wrote, **"when you do business through your local bank you are laying the foundation on which you will be able to secure money to make your crop or buy your farm. To have a greater Boley, we must have a substantial bank"**.

Boley continued to grow. By 1920, the community was home to 82 businesses. The following year, another bank was established. The First National Bank of Boley became the first Black-owned bank in the United States with a national charter when it opened in September 1921. The bank was **"born of the desire to help develop the resources of our community and assist in the realization of a Boley commercially awake, progressive and strong"**. The banks and some of the town's other businesses were not only important for the local economy; the ownership of such economic engines by men who were not white was of extreme symbolic importance.

The 1921 founding of Boley's First National Bank came at a particularly unfortunate time economically. The same year, at least 20 Oklahoma banks failed with another 500 failures nationwide amid turmoil in agricultural and commodity prices. Despite the turmoil, both Boley banks survived in the face of severe economic challenges.

There is no question that several thousand Black families relied on Boley's banks and businesses for years. This likely contributed significantly to Boley's position as an economic hub because segregation limited access to stores, facilities, and opportunities in many other communities either through statute or intimidation.

Excerpt: A Great Moral and Social Force, pages 31, 41-47

HANDOUT 9: BANKS OF BOLEY ASSESSMENT (2 OF 2)

1. In what ways did the MDIs in Boley differ from other financial institutions at that time?

2. What impact would bank runs have had on the Boley community?

3. What role did Boley banks have in their market?

4. How did MDIs in Boley survive economic downturns?

5. At times, segregation created economic prosperity amongst Black communities. Does that change your opinion about racial segregation? Why or why not?

6. Select one of the quotes (in bold) from the excerpt and explain it in your own words.

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HANDOUT 9: ASSESSMENT ANSWER KEY

1. In what ways did the MDIs in Boley differ from other financial institutions at that time?
   Answers will vary, but may include: They provided loans for agricultural-related businesses and real estate; they had only local officers and shareholders; they were similar in the types of services they provided, etc.

2. What impact would bank runs have had on the Boley community?
   Answers will vary, but may include: Bank runs would have stalled economic progress because the banks were relied upon for starting small businesses; Boley residents would potentially risk legal trouble or bodily harm to use other banks; some customers would lose money deposited which could impact their livelihood; etc.

3. What role did Boley banks have in their market?
   Answers will vary, but may include: They funded small businesses; created economic growth; promoted black-owned businesses; they loaned money based on community needs (agriculture /real estate); demonstrated successful business practices in comparison to financial institutions that failed; created a sense of pride amongst the Black community; etc.

4. How did MDIs in Boley survive economic downturns?
   Answers will vary, but may include: They funded successful local businesses; they supported their community without risking their financial stability; they had a steady customer base due to segregation; etc.

5. At times, segregation created economic prosperity amongst Black communities. Does that change your opinion about racial segregation? Why or why not?
   Answers will vary.

6. Select one of the quotes (in bold) from the excerpt and explain it in your own words.
   Answers will vary.