

BREAKING GROUND IN BANKING

Generations Community Bank Here for All

By Anthony Schoettle

Generations Community Bank isn't just the first Minority Depository Institution (MDI) in Indiana, it's a first-of-its-kind collaboration – born from a partnership between communities, corporate trailblazers and banks that believe in stretching beyond business as usual.

An effort four years in the making – and spearheaded by Evansville-based Old National Bank – to launch Generations Community Bank as an MDI is gaining steam with an anticipated opening of two branches early this year.

The first two locations will be at 2110 N. Illinois St., a former Indianapolis Power and Light facility just north of downtown Indianapolis, and at 7900 Shelby St., inside the Arthur Baxter YMCA on Indianapolis' south side. Key Generations executives and managers have been hired, staffers are in training, the website is being developed and the offices are nearing completion as furniture is being installed in preparation for opening during the first quarter.

The federal Financial Institutions Reform, Recovery and

Enforcement Act paved the way for MDIs in 1989. In the ensuing 36-plus years, Indiana has never been home to an MDI bank – until now. Generations will be the 155th MDI bank in the U.S.

The purpose of an MDI is to serve minority, low-income and underserved communities by providing crucial financial services, addressing historical inequities and fostering economic opportunities where mainstream banks may fall short, focusing on things like small business loans, home mortgages and community development to build wealth and stability.

Generations Community Bank is a standalone business, and Old National will own no more than 4.99% of it.

"Generations Community Bank has a separate board, charter and CEO," explains Rafael Sanchez, chief impact officer and Indianapolis market president for Old National and a Generations board member. "Generations is a completely separate institution. We're just helping get it organized and started."

In the beginning

The launch of Generations was done at the behest of Old National Chairman and CEO Jim Ryan, who was approached by Old National's federal regulator – with the Office of the Comptroller of the Currency – about becoming involved in an MDI. Ryan, Sanchez imparts, "really took that to heart." After studying MDIs for nearly a year, Ryan, Sanchez and Old National leaders determined it would be better to start an MDI in its home state rather than get involved in one in



Generations Community Bank has assembled its leadership team and is set to open its first two branches in the first part of this year. Bottom, left to right: chief credit officer Kyle Middleton, board member Rafael Sanchez, CFO/COO David Bratton. Top, left to right: senior vice president of operations Brittany Hall, president and CEO Al London, chief risk and compliance officer Michelle Carrera.

another state.

Financial industry veteran Al London was hired as president and CEO of Generations two-plus years ago and has been instrumental, along with Sanchez, in developing the business plan for Generations. Sanchez calls London “a perfect fit” for the challenging job of launching a new MDI bank.

London, a Georgia native who moved to Indiana in 1992 – at the age of 18 – for family reasons, spent 28 years working for JP Morgan Chase in various roles. He and Sanchez served on the local Urban League board together, and when Sanchez invited him to have coffee and talk about the idea of launching an MDI bank, London admitted he was intrigued.

“Twenty-eight years with an organization, that’s difficult to walk away from,” London admits. “But what led me to say ‘yes’ was when I learned of the impact of banks that are mission driven, and I began to connect with the mission professionally and personally. As I learned more, I got more and more energized about the mission. I told myself, ‘This is a once-in-a-lifetime opportunity for me to do something in the field I’ve been in for 28 years that can really have an impact in the community I’ve grown to love.’”

Exceeding expectations

The effort to launch Generations is being championed by many in the Indiana banking and business communities. Twelve other banks from around the state have joined the initiative as investors alongside Old National. They are: Lake City Bank, Community First Bank, First Farmers (Converse), North Salem Bank, 1st Source Bank, First Financial, Greenfield Banking Company, Merchants Bank, Centier Bank, First Independence, First Merchants and State Bank.

“Having 12 other banks investing in this says a lot about the banking community in Indiana,” London emphasizes. “For those banks to have this vision ... that deserves a lot of public praise.”

Sanchez notes this is the first time a bank or banks in Indiana have helped start another bank. But he adds: “We’re not creating a competitor; we’re creating a partner. We’re treading on new ground. I never in my wildest dream thought there would be 13 banks involved. The fact that so many came rushing to be a part of this is reflective of the DNA of Hoosiers and Hoosier-minded people. There’s a real spirit of collaboration. We said for this initiative, we’re all going to work together. It’s that important.”

Centier Bank President Chris Campbell says getting involved was an easy decision. “Centier Bank is very excited to support Generations and the community through our investment,” he relates. “Generations aligns great with who we are and serving our community, and through this partnership we can fulfil our promise quicker.”

Another strong sign of the banks’ commitment is Generations’ recently completed capital raise. Old National and Generations leaders had a goal to raise \$24



“At Generations Community Bank, we want to listen to our customers, explain things, educate and collaborate, so the people we’re serving have the resources they haven’t had before. That’s how we plan to stay proximate to the communities we serve.”

– Al London, *Generations Community Bank president and CEO*

million to \$28 million in startup capital when they started fundraising in June. In just seven months, they raised \$29 million.

“The capital raise well exceeded our expectations. If that doesn’t get you juiced up, I don’t know what will,” Sanchez exclaims. “That speaks to the need (of this MDI bank) and the leadership of the bank and the business plan and the excitement of bringing this concept to Indiana.”

While there’s a spirit of outreach and serving the underserved among the investors, it also makes good business sense, Sanchez emphasizes. He points out that Generations is a for-profit company.

“There’s enthusiasm about launching the first MDI in the state of Indiana,” Sanchez expresses. “But also there’s a practical reason

for (the traditional bank’s) investment. Banks have community re-investment requirements to help low to moderate incomes ... and these investments in an MDI could qualify for CRA (Community Reinvestment Act) credits.”

Enacted in 1977, CRA requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods.

Their involvement also gives investing banks a touch point in a part of the community they might not otherwise have. The ROI, Sanchez says, “is somewhat tempered by the mission piece of it.”

All are welcome

Leaders for Generations Community Bank say the bank will be in place not to serve any particular minority group, but all those that are underserved, including minority families, immigrants, first-time homebuyers and small business owners. It’s important to note the new bank is set up to serve all people – whether or not they are underserved. In fact, Sanchez says, serving the larger communities in which Generations operates will be paramount to the bank’s financial viability.

The two initial branches were chosen for strategic and mission-based reasons: their central location, status as local landmarks and proximity to minority populations. Additionally, Sanchez notes, the YMCA “aligns with Generations’ mission.” The southside location, he and London point out, is also near one of the largest Burmese populations in the U.S. and just a mile from the Chin/Burmese community center.

“We’re not here to re-invent banking, we’re here to give people the tools and resources they need to experience financial success,” London relates. “We’re here to educate people and empower those that are underserved and connect them to organizations in the community ... that are aimed to close the wealth gap. We’re not lowering credit standards. People need access, education and understanding.”

A plan is in place to grow Generations beyond its initial locations, but that’s not the immediate concern.

“We want to focus right where we are and do blocking and tackling first, and get a good, solid foundation,” London relays. “First, we’re going to be successful in Marion County, and then we’ll grow beyond that. It’s all about earning the trust of the community.”

RESOURCES: Chris Campbell, Centier Bank, at www.centier.com | Al London, Generations Community Bank | Rafael Sanchez, Old National Bank, at www.oldnational.com