

STRATIFIED BANKING PRACTICES AND ECONOMIC STABILITY: A CONTENT ANALYSIS OF BLACK WALL STREET

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Abstract

This study explores the use of an alternative “stratified banking” model to address the various dimensions of financial maturity of individuals, depending on their socio-economic status. Data collection involves a case study approach to explore strategies from an historical black community in Tulsa, Oklahoma referred to as “Black Wall Street” to identify various banking practices which may be characterized as positive factors that led to financial stability and growth for the citizens in this community. The objective of this research is to identify innovative, population-appropriate banking and money management methods that could help promote economic stability in communities to prevent episodes of economic turmoil and contribute to efforts that encourage cooperative versus predatory practices within financial communities.

Introduction

The down turn in today's economy has been a major national concern in the U.S. economy as well as nations around the globe. Because the financial status of the United States as a global power house has a ripple effect on other countries, this down turn impacts trade, exchange rates, employment, international relations, the economic security of civilians, and many other factors. A well-publicized contributor to the downturn was identified as the collapse of the sub-prime mortgage market. Although much of the attention has focused on consumers and their responsibility in repaying such notes, objective factors that suggest root causes to consumer inability to pay have not been adequately presented in academic literature.

Practices that provide funds as needed for individuals as well as businesses and promote financial security vary based on factors such as culture, location or dislocation, economic progress, and time. In the past, small communities of immigrants and foreign nationals who reside within the United States have practiced various forms of stratified banking as offered in their native country as an alternative to local banking institutions to promote greater financial security. Although a form of stratified banking exists in the U.S. today, stratification is defined within the banking system and is not directly associated with measures of social need.

The word "stratify" is classified in literature as a distributive term and has been used to recognize distinctions in socio-economic classes. As an example, in the country of India, to "stratify" is to divide populations into social classes to develop social levels, classes or castes¹. In financial literature, stratified banking structures have been

¹ Definition of stratify: AudioEnglish.net

described in terms of different bank sizes which range from commercial banks to small community banks, as well as stratification based on bank holdings. In this sense, banking divisions are made based on the financial assets or of banking institutions².

With this in mind, there is a need to explore unconventional or informal banking practices to gain insight into the following question: How can stratified banking practices contribute to economic stability? The remaining sections of this paper include, 1) background literature; 2) methodology, 3) data collection and analysis, 4) preliminary findings, 5) future research, and 6) the conclusion.

² The Hindu Business Line: Why small banks are still not passé

Background Literature: Secondary Data

There are different forms of stratified banking practices which are exercised in numerous countries. These practices in some instances may be viewed as a custom for survival, specifically within developing nations. For example, Dr. Mohammed Yunis who first introduced the Grameen Bank of Bangladesh in many ways assisted the underprivileged to independently support themselves and their families. Another strategy has been practiced where the circulation of currency is limited by both natural and man-made boundaries. This “local currency” has been defined as such by the E. F. Schumacher Society. Other unconventional forms of banking practices include the “Susu”, and ROtating Savings and Credit Associations (ROSCAs).

Traditional banks utilize the “stress test” to conform to the financial requirements of federal regulators. The stress test is described as a “forward looking economic assessment” to determine whether or not organizations have enough capital to withstand an economic downturn.³ Considering the need to offer a variety of banking or financing options, as suggested by the existence of various strategies, the option of practicing other banking strategies to promote economic stability could be more appropriate. Similarly, considering the application of banking operations performed by historical communities in the U.S., we could further conclude that alternative means of consumer financing and saving might be required in the U.S. for greater economic stability.

³ Bankrate.com: What are bank stress tests?

Alternative Financial Practices

Saving Up & Saving Down

Alternative banking practices have been used in various social settings. . For example, an individual who might be at a lower socio-economic standard of living (e.g., in certain parts of India) may lack the creditability to gain the trust of a traditional banking system. These people are unable to save at home and might confide their savings to unlicensed informal peripatetic or traveling collectors. Although somewhat transient, these persons tend to be trustworthy and typically reside within the vicinity of a particular neighborhood. Persons are unable to save at home for various reasons such as an ongoing need for money due to poverty, along with other domestic reasons. In the saving up approach, persons are determined to pay great interest to have collectors securely accumulate their savings until needed.

The savings down technique involves money lenders who provide loans to poor people without any form of collateral, followed by retrieving the amount he or she loaned in weekly or monthly installments until the payments have been completed (Rutherford, 2004, pp. 13-20).

Grameen Bank

The Grameen Bank of Bangladesh introduced by Dr. Mohammed Yunus, who was awarded the Noble Peace Prize, initiated the world's most famous banker to the poor (Rutherford, 2004, p. 91). "Although the Grameen Bank sets up groups, it is not a promoter. It does not try to get the group members to run their own services. Its groups are customer groups, a set of customers brought together at the same time in the same place each week to facilitate a loan service. The Grameen Bank owns the funds, and

enjoys the income earned from the interest paid on loans. Loans go to individuals directly from the bank, not from the group. Group members' cross-guarantee each other's loans, but the group does not own the fund out of which the loans are made. (Rutherford, 2004, p.91).”

The Grameen Bank has a saving down service approach; the main recipients of these loans are members who are mostly village women who invest their finances in beginning or wish to expand their existing business. Profitability from businesses would create financial stability, support clients on reimbursement for their loans, as well as create an opportunity to borrow a larger lump sum of money when needed (Rutherford, 2004, pp.91-94).

This financial operation is sometimes defined as a form of micro-financing. “Micro-credit, or micro-finance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral.”⁴ This practice can assist a country economically since the poor within the area now have means of independently benefiting from financial stability through both loans and business operations. In addition, this financing strategy would hinder greater poverty as well as lessen government expenditure that may be allocated to support the underprivileged.

⁴ Definition of “microfinance”:

<http://www.microfinanceinfo.com/the-definition-of-microfinance/>

Banco Compartamos

Banco Compartamos is a Mexican microfinance bank that was motivated by the Grameen Bank to support customers with low income (specifically women); ironically Banco Compartamos' interest rates surpass 100 percent annually. Part of the reason is that most microfinance institutions take inflation into consideration. In addition, because of the high cost of lending to the poor, inevitably "pro-poor" microfinance institutions would be inclined to charge the highest interest rates; whereas, microfinance banks providing services to more affluent customers tend to charge much lower rates (Collins et al., 2009, pp. 132-133).

Despite the high interest being charged to borrowers, this institution has not only completed a public offering of its stock but has served over one million customers (Collins et al., 2009, p. 132). Similar to the Grameen Bank, Banco Compartamos purpose is to provide an opportunity to their customers through loans so that they can open their own businesses and provide economic support for their families within Mexico, thereby in the long run, hindering greater poverty and contributing to the economic stability of that country (Collins et al., 2009, p. 65).

Local Currencies

The E. F. Schumacher Society, formed in 1980 after the founder's death, is dedicated to creating and promoting the appropriate scaled economic tools that foster patterns of regional economic production and trade, benefiting small businesses and family farms, and involving consumers ever more directly with the people and land of their community. Among these tools are local currencies (Witt & Lindstrom, 2004).

Local currency describes a local trading area supporting small independent businesses agreeing to operate in the currency. Such businesses who are incapable of competing with external competitors in a global market, participate in the hardy territorial markets. Local currencies take different forms. Ithaca Hours is a system that was first organized by Paul Glover in 1991; Time Dollars or Time Banking was introduced by Edgar Cahn in the United Kingdom; Local Economic Trading Systems (LETS) were founded by Michael Linton in the early 1980s; and lastly Barter Exchange Systems.

Through different types of local currency operations, communities can operate within a closed market system. A closed economy is “an economy that does not interact with the economy of any other country or community. A closed economy prohibits imports and exports, and prohibits any other country from participating in their stock market. There have been many examples of closed economies throughout history, but very few closed economies exist today.”⁵ This helps each member of the community to keep their goods and services operation within, and thereby promote economic and financial stability inside the area; preventing outside firms from taking advantage through the manipulation of prices for the purchase of their goods and services.

Rotating Savings and Credit Associations (ROSCAs)

ROSCAs is a method where a pool of members which, in most cases, consist of family and close friends, make payments to the association on regular intervals (weekly monthly). At each interval, a member receives a lump sum until the rotation cycle has

⁵Definition of “closed economy”:
http://www.investorwords.com/6758/closed_economy.html

been completed. All members excluding the final member in the rotation collect a lump sum amount earlier than if they were to save the money individually. Basically in ROSCAs there is no interest, and the amount that was invested is the same amount that would be collected. The only advantage would be that an accumulated amount would be collected earlier as compared to a person saving on his or her own. This strategy benefits everyone except for the final member of the rotation (Steel et al., 1994, pp. 36-37). However there are some ROSCAs that may have different formats. For instance, the ROSCAs describe above can be referred to as a “Saving Through: The Merry-Go-Round or prior agreement.” Others include: agreement at each round, lottery, and bidding for the lump sum (Rutherford 2004, pp. 20-36).

Published reports suggest that ROSCAs can create a balance economically, since it is an alternative method of accessing money quickly through a fair and honest manner among, in most cases, family and friends. Capital gain could be used to take care of a large outstanding expenditure such as a loan in which a person may not be able to repay it immediately through regular installments. This can further prevent high interest and provide an opportunity for individuals to achieve financial security.

Susu

Susu is a saving technique identical to the “Saving Through: Merry- Go-Round” type ROSCAs. The practice is prevalent among immigrants from West Indian, African, Mexico, and Asia and is a common means for raising capital quickly in such cultures even as they exist across America. Hispanics refer to a Susu as “Tanda,” and Koreans label it “Kaes” (Nowell, 2009). The system is reported to have originated

from Yoruba, Nigeria where the ‘Gas’, a Ghanaian southern tribe is believed to have migrated from (Alabi et al., 2007). The institution of rotating savings is ancient, dating back to the 16th century, when Yoruba slaves carried it to the Caribbean, as part of their institutional luggage or social capital. Both the term ‘Esusu’ and the practice have persisted to this day, as ‘Esu’ in Bahamas, “Susu” in Tobago or ‘Sou’ in Trinidad (Siebel, 2001).” Thus, this form of informal savings was exercised by many immigrants although referred to by different names. The practice is known as “Ajo” among the Yoruba of Nigeria, “Anago Susu” in Ghana, “Nago” in Ivory Coast, “Yesyes” in Southern Togo, and “Jojuma” among the Kotokoli in Central Togo (Siebel, 2001).

Similar to the “Saving Through: Merry-Go-Round” type ROSCAs, Susus support immigrants at large especially within the United States. They promote greater financial stability for individuals who may not be able to be granted a large loan from regular commercial banks. This may be due to low credit ratings record, lack of collateral, lack of employment, and many other factors. One main advantage of this type of savings operation is no interest are paid, and people can gather a lump sum of money within a short time. Again such practice contributes to economic stability since individuals would be able to purchase goods and services on their own. This is so because some immigrants cannot qualify for certain unemployment benefits and grants that the government might supply. With this strategy, persons are dependent on friends and relatives vs. financial institutions for financial assistance.

Economic Stability

The “stress test” is a form of economic forecast performed by federal banking regulators; stress test factors such as unemployment and housing prices can be used to evaluate the formal banking system and its performance in today’s economy⁶. According to the May 2009 stress test report, 19 of the largest banks in the United States will need a total of 74.6 billion to withstand a deeper recession; these banks include Morgan Stanley, Wells Fargo, and Bank of America. These institutions will need to sell shares and in some cases assets in order to satisfy regulators.⁷

During this period of heightened economic uncertainty, U.S. federal banking supervisors believe that the largest U.S. bank holding companies (BHCs) should have a capital buffer sufficient to withstand losses and allow them to meet the credit needs of their customers in a more severe recession than is anticipated. For this reason, the Federal Reserve and other bank supervisors embarked on a comprehensive simultaneous assessment of the capital held by the 19 largest U.S. BHCs in February of this year (The Supervisory Capital Assessment Program: Overview of Results, May 7th, 2009). Based on their findings, one aspect of the Federal Reserve solution for the current crisis is to increase capital. However, other alternatives that would benefit other parties beyond the interest of banks must be explored.

⁶ Bankrate.com: What are bank stress tests?

⁷ Reuters: U.S. banks rush to raise capital

Methodology

Understanding and describing many of the issues underlying alternative financial (banking) strategies are best achieved through qualitative research. Qualitative research is useful in conducting research where the initial data is unstructured and largely unquantifiable, yet rich in content. Qualitative research is often conducted through prolonged involvement with a real life situation. When empirical data is not available for investigation, qualitative research has been used to generate findings that cannot be determined using statistical procedures or other means of determination.

In this study, a qualitative, interpretative research approach is used to analyze financial activities that occurred in the historic case of Black Wall Street, a successful African-American community in Tulsa, Oklahoma during the early 1900's. The initial research is conducted through an investigation of publications and historical records to identify financial strategies that were used during this time. Results from this analysis can be used to gain insight regarding the various stratified banking methods that contributed to the community's success.

Moreover, identifying stress test factors in the Black Wall Street case that are presently used to determine banking stability would be valuable to measure economic stability in the present economy. The goal of this methodology is to employ a subjective approach by acquiring the data needed to gain insightful knowledge concerning alternative banking practices, and to use this knowledge to recommend financial strategies that can be beneficial to a troubled economy.

Data Collection

Data collection is built upon a case study of “Black Wall Street.” Information gathered focuses on the economic success of this community that was exposed to domestic terrorism in the early 1900s. Factors identified in this community can be used to discover financial strategies that produced economic stability and benefited the collective needs of the Greenwood community. By comparing factors identified in the case study and comparing those to stress factors used today to assess the stability of banking institutions, a relationship can be determined to discover the impact of the current stress test results on today’s economy.

Black Wall Street

Black Wall Street was a successful black community in the Greenwood district located in Tulsa, Oklahoma. In the early 1900s, the community thrived with affluent businesses and was regarded by many as a remarkable economic movement within a small community which resulted in great success during the period. Part of Greenwood’s economic success was based upon the availability of oil within the area. “Oil explained the rapid transformation from dusty hamlet to gleaming, prosperous city (Johnson, 1998, p. 1). Booker T. Washington, an African American educator, orator, author, and influential leader of the African-American community during the late 1800’s and early 1900’s, described the Greenwood community as “The Negro Wall Street (Greenwood Cultural Center, 2008, p. 6).” “Legal segregation (Jim Crow rule) forced blacks to do business with one another. This economic detour, the diversion of black dollars away

from the white community, allowed the Greenwood District to prosper. Dollars circulated repeatedly within the black community.

Greenwood's insular service economy rested on a foundation of necessity. This necessity, in turn molded a talented cadre of African American business persons and entrepreneurs (Greenwood Cultural Center, 2008, p. 6)." The above information indicates that Black Wall Street had unique factors which contributed to the community's success. The patriotism of the people who lived within the community helped Greenwood achieve great gains, being manifested as a form of black pride. First, a local currency type of operation existed where the circulation of dollars was kept inside the Greenwood district which contributed to its economic success. As a result, the currency was referred to as "Black" dollars.

Second, people operated within a closed economy. Basically because of the Jim Crow rule, African-Americans were forced to buy and sell mainly within the black community of Greenwood. "The Greenwood pioneers parlayed Jim Crow into an economic advantage. They seized the opportunity to create a closed market system that defied Jim Crow's fundamental premise (Greenwood Cultural Center, 2008, p. 9)." During that era, Jim Crow's principle was built on the belief that African Americans were ineligible and lacked the ability to conduct business with the larger (white) community (Greenwood Cultural Center, 2008, p. 9); African Americans within the Greenwood community being aware of such perceptions were able to manipulate the system to their economical advantage. To expand, this economic advantage was executed by creating means that would add to the financial structure of the community. "Sound, laissez faire economics proved no match for the racism of the day. Racial politics dictated consumer

markets. Segregation, for all its practical, moral, and philosophical deficiencies, forced the development of an insular African-American economy to cater to the needs of this walled-off community. With it, an affluent class of African-American entrepreneurs developed (Johnson, 1998, p. 9).”

Third, the ‘velocity of money’; the term describes the “rate at which money circulates, changes hands, or turns over in an economy in a given period. Higher velocity means the same quantity of money is used for a greater number of transactions and is related to the demand for money.”⁸ Black Wall Street appeared to have a high velocity of money circulation, in order for the community to be financially stable. “The legitimate enterprises in the Greenwood District had one thing in common with their less-desirable counterparts: black consumers doing business with black vendors. In segregated Tulsa, “buying black” became more a matter of choice for African –Americans. Consequently, providers of goods and services in the Greenwood District held captive an eager market and tapped into pent-up demand. Dollars circulated among the Greenwood District’s inviting rooming houses, restaurants, billiard halls, hotels, smoke shops, shoemakers, barbers, hairdressers, shoe shiners, tailors, contractors, doctors, lawyers, dentists, and other professional and business establishments (Johnson, 1998, p. 10).”

In 1921, the Black Wall Street community was destroyed by the Ku Klux Klan. It was said that an alleged assault on a seventeen year old Caucasian female by a nineteen year old African American male triggered the riot. However, many believe the riot occurred due to jealousy by the white community of African American success within the Greenwood district. In other words, the allegation was merely an excuse to cause civil

⁸ Definition of “velocity of money”: businessdictionary.com

unrest. The irony of the story is that the young female never testified against the African American male (The History Channel DVD: Geary et al., 1999).

As a result, Greenwood, along with the Black Wall Street reputation was no longer a reality. Post riot reparation and integration efforts led to a leakage of black dollars outside the Greenwood community. “Black dollars began to be accepted, if not entirely welcomed, in white business establishments. Going “outside” for goods and services, however, added another hole in the dike that surrounded this closed economy. Shackled by the liberating power of choice, the Greenwood District began a long, downward spiral (Greenwood Cultural Center, 2008, p. 15).”

Analysis

Following the coding and assessment of primary data by comparing and contrasting the result of secondary data through publications, scholarly and historical writings on the Greenwood District in Tulsa, and the application of the “stress test” factors utilized by the Board of Governors of the Federal Reserve System, factors that affect economic conditions were identified and used to suggest measures that have either a positive and negative impact on economy stability.

Several key financial factors were identified from the case study. First, the velocity of money was identified as a significant indicator of financial strength; a high velocity resulted in a stable economic environment in this community. The Quantity Theory of money implies that changes in economic growth as measured by nominal GDP ($P \times Y$) are exclusively driven by changes in the money supply M , as shown by the following equation:

$$V = \frac{P \times Y}{M}$$

where V is velocity, P is the price level, Y is the nominal value of aggregate transactions, and M is the money supply.

In the Greenwood District, the velocity V was calculated as a value over 10 before the riot of 1921. Comparing this number to the velocity of money in the U.S. economy, this level suggests that this historic community experienced economic growth

in the 1920s similar to the peak period of record economic expansion in the U.S. during 2007.⁹

Apart from the velocity of money, additional stress test factors such as unemployment and housing prices can be used to evaluate the stability of financial institutions.¹⁰ According to the U.S. Bureau of Labor Statistics, the unemployment rate rose from an average of 5 percent during the 10 year period prior to 2008 to the current 9.7 percent level in 2009. This increase is referred to as the largest increase since the 5.2 percentage-point rise during the 1948-1949 recessions.¹¹

Similarly, Deutsche Bank declared that the percentage of United States homeowners who owe a greater amount than their house value will increase twofold from 26 percent at the end of March, 2009 to 48 percent in 2011, foreshadowing another blow to the housing market.¹²

The present economic instability is demonstrated by the above factors, as well as factors that indicate its potential effect on banking. To illustrate, consider the impact of unemployment on bank deposits. The natural rate of unemployment is defined as “the level of unemployment which exists when the aggregate (total) demand for labor equals the aggregate (total) supply of labor at the current wage rate so there is no upward pressure on the wage rate and the price level. Full employment is believed to be achieved when unemployment falls to 2-3 percent (Bamford et al., 2001).

⁹ See U.S. Economy, <http://www.dailymarkets.com/economy/2009/05/03/us-economy-velocity-of-money-and-m1-multiplier-paint-a-mixed-picture/>

¹⁰ Bankrate.com: What are bank stress tests?

¹¹ Market Watch: Unemployment rate expected to rise to 9.7%

¹² Reuters: About half of U.S. mortgages seen underwater by 2011

When individuals are unemployed, a country's output would decline, tax revenue decreases, and more state benefits would be paid out. As a result, bank deposits must out of necessity increase, reducing the overall money supply.

Findings

It is evident that people have different financial needs; these needs in most cases are classified into an individual's socio-economic status. During times of an economic downturn, money for survival becomes a basic necessity. However, based on the information gathered from this research, people who are classified as "lower class" or underprivileged have always sought avenues and practices for monetary survival during good as well as difficult economic times.

Black Wall Street invented a unique financial system of operations in order to survive. Their remarkable financial structure has proven to be a success for that period. Three major banking practices discovered from the Black Wall Street was that they functioned under a closed economy, thereby creating their own local currency known as the "black dollars", along with retaining a high velocity of money circulation. In the same way, there are other stratified banking operations practiced by immigrants from international regions who live within the United States, as well as alternative banking practices which exist in other countries.

The stress test is used as a form of economic forecast by federal banking regulators. By comparing factors that lead to periods of economic stability such as the Greenwood District against the stress test factors, relationships to stratified banking practices can be explored. Stress test factors identified could be applicable to various banking practices in many ways.

To illustrate, the rise in unemployment implies higher demand for unemployment benefits and thus an increase in government spending. Although this would increase the money supply, the nominal value of aggregate transactions, or Y as stated in the Quantity Theory of Money equation, would be lower in periods of economic downturn and result in a lower velocity. Therefore, an increase in government spending might not be sufficient for the general population. For example, Black Wall Street never regained its pre-riot status. Reports suggest that reparations through government assistance destroyed the motivation and entrepreneurial spirit that build the community.

An alternative would be for communities to get involved in banking operations similar to the Black Wall Street community, Grameen Bank, or saving pools run by close family and friends. Likewise, individuals who may need to purchase a new home or pay off their mortgages could benefit from similar operations.

Present economic conditions suggest a need to match people's socio-economic standards to financial practices that consider his or her basic financial needs. The preceding evaluation suggests that using socio-economically stratified banking in today's economic operations could be a part of the solution towards economic stability. However, in order to make this change, there must be an assessment of financial as well as social factors that would influence the success of financial strategies. In the case of Black Wall Street, social behaviors such as a great degree of loyalty and patriotism of the people and businesses located within various financial communities would need to be considered. This is so because some of these operations are built mainly on trust. If this is done, it is believed that the majority of society would benefit as opposed to the "rich get richer and the poor get poorer" scenarios that have created the current economic crisis.

Limitations

Although this research would have given an epiphanic insight to stratified banking, there were also some drawbacks. Data collection was mainly dependent on a content analysis of secondary data through publications and other scholarly writing. Hence, results are limited by the inability to conduct a comprehensive field research, such as visiting Tulsa, Oklahoma, to compare and contrast some present operations that may still exist within the Greenwood district.

Additional insight could be gained considering other areas within the United States which to some extent operate under a closed economy or use a local currency. For instance, a community in Ithaca New York (NY) uses Ithaca Bucks as a local currency to hedge against outside competition. Moreover, the opportunity to investigate and observe international countries where most of these practices have originated would provide opportunities to generalize results to other areas.

Time was another constraint, not only in being able to complete the study in a timely fashion., but also in comparing factors in the 1920s to conditions that exist in the current economy Because of the qualitative nature of the investigation mentioned above, it was crucial to have a tactical approach that could analyze rich and vast amounts of unquantifiable data.

Future Research

This research could be extended by considering banking strategies of a local community in Central Texas. Financial practices and socio-economic conditions of the community would be surveyed to discover any unstructured financial practices that residents may have or currently are supporting. Exploratory research could be used to gather data through unstructured questionnaires, along with face to face and phone interviews.

The use of semi-structured questionnaires and interviews would be administered to individuals who are equally distributed across economic boundaries to identify financial activities that occur in stratified groups. Questionnaires and interviews would be conducted via email, phone, and face to face. Special attention should be given to data collection efforts that identify participants with diverse priority financial experiences such as those representing minority groups, foreigners, and individuals with international heritage. However, potential respondents are not limited, and the opportunity to participate can be offered to other individuals who might be able to contribute to the study, for example, people who have been born and reared in a local community. The central reason this targeted group has been identified is because these persons have conducted banking activities at the local level and may be familiar with unique financial arrangements; hence they would be able to provide relevant information as well as experiences for the purpose of this study.

For example, SafeSave is a microfinance institution introduced in 1996 to assist underprivileged people from the Dhaka slums in Bangladesh. The founder of this saving technique was Stuart Rutherford, a writer and practitioner of microfinance, together with

Rabeya Islam, a housewife and experienced manager of traditional ROSCAs and other savings clubs. The objective of the program was to experiment a lending approach by providing a financial service open to anyone in slums who are not currently participating in groups, and have loans without fixed terms and schedules. The analysis should indicate whether operating from such an approach would prove to be more fruitful in comparison with the generic micro-finance programs (Cortijo, 2005).

The results were in agreement with the system's goal of making their financial service accessible to the poor, and simultaneously being marketable. As of 2004, SafeSave reached operational sustainability with results demonstrating that the poorest of the slums are represented proportionately among the organization's clientele (Cortijo, 2005). SafeSave utilized more of a quantitative approach in assessing the poverty outreach of the program (Cortijo, 2005).

Consequently, an investigation on the effects of "Susu" in Ghana data collection has been conducted that is built on a cross-sectional survey method with three key actors. First, through reviews via desk research of online resources, research papers, working documents, conference documents, and additional publications; second, having one on one or small group discussions by visiting offices and officials involved in "Susu" operations. Lastly, utilizing a self develop instrument for field exercise (Alabi et al., 2007).

Conclusion

Stratified banking systems have been suitable for the underprivileged who reside in small communities, for foreigners, and many others. It has been an approach to assist citizens as well as a means of keeping business operations regionally, thereby hindering the effect of integrating the possession of wealth by enlarging the gap between the rich and poor. While there are some advantages of traditional banking systems, local communities should not be destabilized due to the brutal and potential effects of a present economic recession.

Several alternative banking strategies could be tested as a form of motivation for society. For example, entrepreneurs Kumi Walker and Sean Heywood are inspired by the historic Black Wall Street community. The entrepreneurs are about to launch their first business venture in San Francisco entitled MR. (for mister), an upscale barbershop, wine bar, and lounge located within the financial district of the city.

Interestingly, the owners' inspiration of giving back to society was built upon the Black Wall Street business district in Tulsa, Oklahoma 88 years ago. According to Walker who read about the riot six years ago, "All of the businesses that we wanted to create, we wanted to encompass the culture of that community if it still existed." Walker ended by stating, "I stand on the shoulders of my ancestors; I just want to be as successful as possible so I can turn around and be a mentor and sponsor to other people who come after me."¹³

¹³ CNN.com: Entrepreneurs inspired by historic Black Wall Street

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