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BUSINESS

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## ONEUNITED STRIVES TO MAKE HISTORY ON THE WEB

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It took OneUnited Bank nearly 50 years to buy and build enough branches to become the nation's largest black-owned financial institution. But if all goes well, it could take just 24 months to almost quadruple in size – all without moving a brick.

Last week OneUnited became the first black-owned bank to offer full-fledged Internet service. While most institutions have an online component, fewer allow customers to open accounts and engage in complex financial transactions from a computer anywhere in the United States.

“We knew we could never build out the branch network to reach everyone who wants to do business with us,” OneUnited Chairman and Chief Executive Kevin Cohee said from the bank's Boston headquarters. “We have two branches in the Miami area, but by creating this Internet product we can reach anyone anywhere in the state.”

Not to mention the rest of the country.

With branches in Boston, Los Angeles, Miami and Fort Lauderdale, OneUnited has deposits of \$332 million and assets of \$550 million. But Cohee expects assets to top the \$2 billion mark within two years as the bank uses the Internet to make inroads into such lucrative markets as New York, Chicago and Washington, D.C.

Nationally, blacks have an estimated \$650 billion in purchasing power. Cohee hopes a combination of attractive rates (online savings accounts with 3.75 percent APY), a history of community involvement and a grass-roots marketing campaign will help bring in those dollars.

### NEW ACQUISITIONS

OneUnited isn't giving up on brick and mortar entirely. The bank said it has plans to acquire new branches in the future.

That's probably a good strategy, said Catherine Graeber, who studies online financial services for Forrester Research. While consumers expect their banks to offer online services, it's rarely the reason they choose a bank, she said.

“Consumers pick their bank based on how convenient the branch and the ATM is,” Graeber said. “There are certainly a niche of customers that don't mind banking [exclusively] online, but not the majority.”

While online service has a proven ability to retain clients – or lure customers to high-yield specialty accounts – cyberspace has not been fertile ground for new customers, she said.

When Jupiter Research surveyed 2,337 people about the most important factors in choosing a bank, at the top of the list were low fees, customer service and proximity to ATMs and branches. “Online security” and “quality of the online banking experience” ranked fourth and seventh on the list.

But those studies don't accurately reflect the strengths of community banking, where special interests often trump market forces, said Viveca Ware, the



PHOTOGRAPH BY DONNA E. NATALE PLANAS

Kevin Cohee

director of payments policy at the Independent Community Bankers of America.

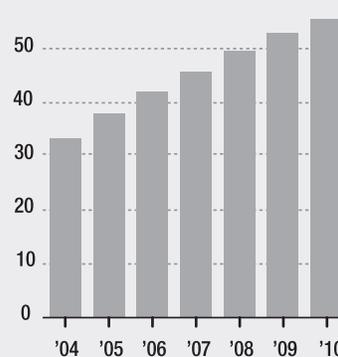
“It's quite common for a community bank to have a niche in a certain market, be it small businesses or non-profits,” she said. “[OneUnited] is merely using technology to reach

### ONLINE BANKING

Projected growth of online banking in the United States

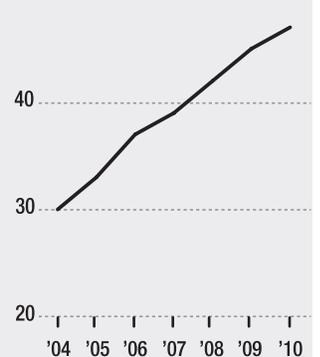
Households engaging in online banking

60 million



% of all U.S. households engaging in online banking

50%



Households using online banking 2004-2010



PHOTOGRAPH BY DONNA E. NATALE PLANAS

OneUnited Bank, which operates a branch at 2375 NW 79th St., above, hopes to reach out to more communities by offering online services.

their market – it’s a very sound business strategy. . . . Online banking is the new niche frontier.”

Of the 8,255 community banks that are part of her organization, 88 percent offer online banking, but just 8 percent have systems robust enough to allow clients to open deposit accounts online.

But OneUnited’s target audience presents another challenge. Historically, the black community has had a low savings rate. According to the Urban League, the net worth of the

average African-American household – one measure of savings – remains about one-tenth that of white households even while the income gap has shrunk.

Cohee, however, remains optimistic. “We have been trusted in our community as a source of financial expertise and now we are using that credibility to move our community into financial products that are good for their financial health,” he said. “We are trying to encourage savings . . . [and] start an epidemic of financial literacy.”

### PRIDE ISSUE

The company is already advertising on local radio and talking to community leaders about spreading the word.

Then there’s the pride issue. Cohee said it was no accident the bank is trying to “make history” during Black History Month.

“Black people have been trying for over 100 years to garner our economic spending power and put it back into the community,” said Cohee. “They all talked about this concept, but we never had the ability to do it.”