

BY JOHN MULLIN

## Maggie Lena Walker

How the daughter of a former slave became a banking pioneer

**M**aggie Lena Walker built the St. Luke Penny Savings Bank to last. When it opened its doors in Richmond's Jackson Ward district in 1903, Walker became the first Black woman to establish a bank in the United States. She would stand at its helm as president for nearly 30 years, safely steering it through periodic bouts of economic turmoil, eventually increasing its assets more than tenfold. To cap off her career, she would solidify the bank's long-term prospects by orchestrating mergers with two other banks during the depths of the Great Depression.

"The merged firm, the Consolidated Bank and Trust Company, didn't just outlast the Great Depression," says Ethan Bullard, curator at the Maggie L. Walker National Historic Site in Richmond. "It lasted into the 21st century and became the nation's longest continuously run Black-owned bank."

After founding the bank, Walker became a prominent public figure. A charismatic orator who infused her speeches with evocative biblical references, she addressed audiences throughout the country, championing Black racial pride and economic empowerment. She associated with the most important Black intellectuals and reformers of her time, including Booker T. Washington, W.E.B. Du Bois, and Marcus Garvey. These leaders, each in his or her own way, attempted to chart a path toward Black success during what many historians regard as the low point in post-Civil War race relations — the period after Reconstruction's end in 1877 through the early part of the 20th century, an era that saw the expansion of Jim Crow segregation and Black voter disfranchisement.

Walker's practical vision — much in line with that of Booker T. Washington



Maggie Walker (seated, third from right) and staff outside of the St. Luke Penny Savings Bank, which opened in Richmond, Va., in 1903. Walker was the first Black woman to found a U.S. bank.

— helped place her at the center of a Black business boom in Richmond. The ascent of Jim Crow laws reinforced a desire among Black Americans to form their own businesses and to practice the dictum "don't shop where you can't work." Under these conditions, Richmond's Jackson Ward district developed into what historians in a Works Progress Administration report later called the most important center of Black American business activity in the world.

### EARLY LIFE IN RICHMOND

Born during the Civil War on July 15, 1864, Walker came from humble economic origins. Her mother, Elizabeth Draper, was a former slave

who worked as an assistant cook on the estate of a wealthy Richmond family. Her father, Eccles Cuthbert, was a White Confederate soldier who later became the Richmond correspondent for the *New York Herald*. The two were unmarried, and although Cuthbert may have maintained some contact with his daughter as she grew older, his role in her upbringing appears to have been negligible. Several years after Walker's birth, Draper married William Mitchell, a Black man who worked as a butler.

After William Mitchell's death when Walker was just 11 years old, she was needed to help with her mother's laundry business and to take care of her younger brother. (She quipped later in her life that "I was not born with a silver spoon in my mouth, but

with a laundry basket practically upon my head.”)

Although Walker’s mother relied on her daughter’s help at home, she also believed it was important for her daughter to receive a formal education. Walker was among the first Black children to attend Richmond’s system of segregated public schools, which had been established in the 1870s. Richmond’s Black schools were not afforded the same resources as White schools. Nevertheless, they represented a new opportunity that Black families greeted enthusiastically. Walker first attended the Lancasterian School and then the Navy Hill School. She received her high school education at the Colored Normal School, which provided a rigorous education and where entrance was by competitive examination. One of the few remaining documents from her school years is a dog-eared volume of assorted Shakespeare plays inscribed to her in 1882, perhaps as a prize.

Her graduation from the Colored Normal School came at an important historical turning point. Although historians generally place Reconstruction’s end in 1877, the timing was different in Virginia, where the Readjuster Party subsequently emerged as what has been called “the shortest-lived and most radical reforming political party in Virginia’s history.” The Readjuster Party was a coalition of Black and White Virginians, farmers, laborers, Democrats, and Republicans who sought to break the power of the planter elite. Founded in 1879, the party saw its candidates win all of Virginia’s statewide offices in 1881. They abolished the poll tax and the public whipping post, invested in schools for Black and White children, and took strides toward increasing the number of Black teachers and school board members.

The Readjuster Party reforms seem to have played a role in at least two events connected to Walker as she graduated from high school in 1883. First, the spirit of possibility that

they promoted may have helped to give her graduating class the confidence required to stage one of the nation’s first protests over school segregation: Colored Normal School students argued that they should be able to hold their graduation ceremony at the Richmond Theater, the same venue provided to White students at public expense for their ceremony. Second, the Readjusters’ efforts to increase the number of Black teachers in Richmond’s schools likely paved the way for Walker to gain her first job upon graduation, a teaching position at the Lancasterian School.

But the “readjustment period” was soon to end. The party lost its legislative majority in 1883 and ceased to function after 1885. What followed was a period of declining political and civil rights for Black Virginians. History was being rewritten according to a “Lost Cause” ideology, symbolized by the statues of Confederate military leaders that were being erected along Richmond’s Monument Avenue. Black voters’ rights were increasingly restricted — first through electoral chicanery and physical intimidation and later via the 1902 state constitution, which effectively disfranchised most Black Virginians. The number of Black voters registered in Jackson Ward, which had stood at 2,983 in the late 1890s, declined to 33 by 1903, at which point no Black representatives remained on Richmond’s city council. As the new century dawned, the decline in Black political representation was accompanied by the enactment of Jim Crow laws that codified segregation — first on streetcars, then among neighborhoods, and ultimately across a wide array of public amenities.

### THE ORDER OF ST. LUKE

In this environment, Black leaders stressed self-help; Black fraternal orders, many of which were successors to secret antebellum societies, played an important role in organizing mutual aid. The fraternal orders,

which generally included both men and woman, organized insurance funds, attempted to foster economic development, and were focal points for social and political activities.

Maggie Walker had been active in one such fraternal organization, the Independent Order of St. Luke, since she was 14 years old. But it was not until her three-year teaching career ended upon her 1886 marriage to Armistead Walker, a building contractor, that she began to devote her efforts more fully to the order.

She came out of her teaching years with enhanced skills. In addition to her experience managing a classroom, as well as taking night courses in accounting and sales while still teaching, she had worked part time as an insurance agent for the Woman’s Union, a cooperative society, earning more from her sales commissions than she had from teaching. At about the same time, she began to work her way through the ranks of the Independent Order of St. Luke. Starting as an organizer, she recruited for St. Luke’s, traveling throughout Virginia and West Virginia to develop new local chapters.

As Walker assumed greater responsibility within the order, she drew on the example of the Grand Fountain of the United Order of True Reformers (the “True Reformers”), the most prominent Black fraternal organization in the country. Its founder, William Washington (W.W.) Browne, was a skilled speaker and organizer who sought to create an aggressively entrepreneurial operation. In 1885, the True Reformers became the first Black fraternal organization in America to develop a life insurance plan based on actuarial calculations of life expectancies. That same year, they launched their popular juvenile division to instill values of community and thrift. In 1889, they founded what was arguably the first Black-owned bank in the country, the True Reformers Bank.

Later, Maggie Walker praised Browne’s vision. “[T]he Negro, in this country, has always had money; and

his societies for attending the sick and burying the dead...” she said. “But here comes a man with a pencil in his hand... and he wanted to show how, from a society, could be evolved an insurance association and a banking house.”

She followed the True Reformers blueprint when she started the St. Luke juvenile division in 1895, and she continued to follow it when she assumed the order’s top leadership post, becoming Right Worthy Grand Secretary in 1899. The order was in dire straits when she took charge (with a salary one-third that of her male predecessor). The organization had only 1,080 members in 57 councils with \$31.61 in its treasury and \$400 in outstanding debts. But that would all change under her leadership.

### THE ST. LUKE BANK

At the order’s annual meeting in 1901, Walker laid out her plan for the St. Luke Penny Savings Bank. “Let us put our moneys together; .. let us put our money out at usury among ourselves, and reap the benefit ourselves... Let us have a bank that will take the nickels and turn them into dollars.” In addition to the bank, she also announced plans to establish a newspaper and an emporium.

The newspaper, the *St. Luke Herald*, was launched in 1902. The St. Luke Penny Savings Bank opened its doors the following November in the Independent Order of St. Luke headquarters building at 900 St. James St. in Richmond. Promoted by the newspaper, the bank received more than \$8,000 in deposits on its first day, with amounts ranging from 31 cents to over a hundred dollars.

The new institution comported with Walker’s view that women needed to play a prominent role in Black advancement. She insisted that the expansion of women’s economic roles was vital for the success of the Black community — even its male members. Walker later recounted that, upon assuming

leadership of the order, “[my] first work was to draw around me women.”

Walker was a strict leader. According to one of Walker’s former secretaries, “You had better be at your desk at ten minutes to nine.” She worked her employees hard. According to one story, when one nickel was missing at the conclusion of an audit, Walker instructed two of her staff to stay at work until they finally found it at midnight. In addition to long hours, Walker established a rigid dress code: a white blouse and a long dark skirt. But she also showed concern for her employees’ welfare, encouraging them to save 5 percent of their wages. She also frequently acted as a mentor to her more promising employees, although that may have seemed like a mixed blessing to some of the women, since Walker could be particularly hard on her proteges when she saw them as being unappreciative.

According to University of Maryland history professor Elsa Barkley Brown, “The bank recognized the meager resources of the black community, particularly black women ... In fact, its establishment as a *penny* savings bank is an indication of that.” To accommodate customers of modest means, Walker made loans as small as \$5. Unlike most banks, which required 50 percent down payments for home loans with five-year maturities, the St. Luke Bank accepted down payments as low as 10 percent. Moreover, in a departure from standard banking practices of the time, the bank often allowed homeowners the flexibility to refinance their home loans to avoid the large and potentially devastating principal repayments that typically came due after three to five years on home loans during the era. By the early 1920s, at least 600 members of the community had paid off their home mortgages in full.

The St. Luke Bank’s rigorous due diligence and loan collection processes were key to its continuing survival and success. The bank relied on *ad hoc* credit committees drawn from members of the local community to

vouch for borrowers, who were typically required to have at least one, and sometime more than one, co-signer or guarantor. The bank aggressively pursued delinquent borrowers, hiring bill collectors to knock on their doors and, when that failed, contacting the borrowers’ employers to garnish wages. When these methods did not yield results, the bank would pursue loan co-signers.

The bank also furthered Walker’s life-long passion for nurturing children, encapsulated in the dictum, “As the twig is bent, the tree is inclined.” To educate children about money, the bank distributed small coin banks that could hold 100 pennies, enough to reach the \$1 necessary to open an account at the St. Luke Bank.

Under Walker’s leadership, the bank’s assets grew from \$37,870 in 1904 to \$120,813 in 1910, reaching \$529,883 in 1920 (equivalent to about \$8 million in today’s dollars). This long-term growth trajectory was particularly impressive considering that two of the bank’s major peers, the True Reformers Bank and the Mechanics Savings Bank, were forced out of business in 1909 and 1921, respectively.

### THE ST. LUKE EMPORIUM

The St. Luke Emporium was not nearly as successful as the bank. It opened in 1905 on Broad Street, Richmond’s main business thoroughfare, which was the dividing line between the Black and White parts of the city. In addition to being a purveyor of clothing, hats, and other dry goods, the emporium also became home to the fledgling bank. “The St. Luke Emporium was a microcosm of Walker’s vision of economic empowerment,” says Bullard. “Staffed predominantly by Black women and a few Black men, it was a place where Black customers could shop, deposit, withdraw, and invest all under one roof, while keeping the proceeds within the Black community.”

The emporium faced resistance from Richmond’s White store owners right



off the bat. “When it was found out for what purposes the property had been bought there was an attempt made to buy the premises from us at an advance of several thousand dollars more than the purchase price,” Walker recounted in 1906. “In addition to this there was a personal offer of \$10,000 in cash if we would not start the Emporium.”

A new set of problems arose after the emporium opened. According to Walker, “there has been formed a White Retail Dealers’ Association, taking in every White man and woman selling anything at retail... When the White Retail Dealers’ Association [WRDA] decides to crush out a Negro merchant, the wholesale merchants are notified not to sell the Negro... saying if they do, they will not receive the patronage of the White merchants.” In at least one case, according to Walker, wholesalers stopped short of refusing to supply the emporium with goods but instead demanded cash payment, refusing to grant the customary 60-day credit afforded to White merchants.

The emporium struggled from the start, but its troubles were not confined to the difficulties created by the WRDA. One of its fundamental challenges was the limited income of its customer base. Another major problem, one that infuriated Walker, was what she saw as the unwillingness of Black shoppers to sufficiently support the emporium and other Black-owned businesses. “Why do we insist on pushing ourselves where we are not wanted?” she questioned her audience. “Or are we so simple and

short-sighted that we are willing to give the White man every dollar that we can muster when he is daily telling us to get away from him?” The emporium closed its doors in 1911.

### STREETCAR BOYCOTT

Walker was not hesitant to marshal St. Luke resources in support of Black civil rights. Such was the case when she became a leader of the 1904 Richmond streetcar boycott, which arose in opposition to the newly instituted policy of segregation on the city’s streetcars. The *St. Luke Herald* was one of the strongest voices in favor of the boycott, and Walker brought the resources of the St. Luke Penny Savings Bank to bear when she, along with several other Black Richmond bankers, issued a public pledge of support for the establishment of an alternative streetcar company.

The boycott illustrates how Walker’s thinking fit into the debate among Black reformers and intellectuals about the best strategies for advancement. W.E.B. Du Bois stood at one end of the spectrum. “Du Bois believed in agitating for political rights — political equality for Black people,” says historian Marvin Chiles of Old Dominion University. “To him, business ventures and economic prosperity were fine and to be encouraged, but the main goal for those who were considered elites was to work politically for racial equality.” Du Bois seems to have shown little interest in

the Richmond streetcar boycott.

Walker was much more in the camp of Booker T. Washington, who favored the strategy of using boycotts as, in his words, “an exercise of economic power designed to elicit a specific change in future behavior.” She had no objection to pursuing solutions through political means, but since such means were mostly out of her reach as a Black woman in the Jim Crow South prior to women’s suffrage, Walker’s first choice was to use economic power. To her, the boycott was a sort of economic warfare. The first goal was to bankrupt the segregationist streetcar company; the second was to provide Blacks with an opportunity to redirect the money saved on streetcar fares toward Black-owned businesses.

### LEGACY

Walker left behind a tremendous legacy when she died on Dec. 15, 1934, due to complications stemming from diabetes. In addition to being the first Black woman to charter a bank, she had taken part in one of the nation’s first school segregation protests as well as in one of its first public transit boycotts. She had revitalized the Independent Order of St. Luke and supported countless other organizations, co-founding the Richmond Chapter of the National Association for the Advancement of Colored People (NAACP) and even starting the first Girl Scout troop for Black girls in the South. She was a pathbreaker — an American pioneer. **EF**

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