

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: June 2, 2015

FROM: Acting Director Wendy A. Angus
Office of Minority & Women
Inclusion

SUBJ: Final Interagency Policy Statement
Establishing Joint Standards for Assessing
the Diversity Policies and Practices of
Entities Regulated by the Agencies

ACTION REQUESTED: Public briefing on the “Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies” (Interagency Policy Statement).

DATE ACTION REQUESTED: June 18, 2015.

OTHER OFFICES CONSULTED: Office of General Counsel.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: No.

RESPONSIBLE STAFF MEMBERS: Office of Minority and Women Inclusion Acting Director Wendy Angus, Diversity Outreach Program Analyst Cynthia Vaughn, and Staff Attorney Regina Metz.

SUMMARY: The NCUA, Office of Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), Bureau of Consumer Financial Protection (CFPB), and Securities and Exchange Commission (SEC) are in the process of issuing a final interagency policy statement establishing standards for assessing diversity policies and practices of their regulated entities, as required by Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

Congress enacted Dodd-Frank to promote, among other objectives, the financial stability of the United States by enhancing accountability and transparency in the financial system. Dodd-Frank in Section 342 required each Financial Services Agency¹ to establish an Office of Minority and Women Inclusion (OMWI) to be responsible for its agency’s matters on diversity in management, employment and business activities or contracting. Section 342 also required each OMWI Director to develop standards for assessing diversity policies and practices of entities regulated by its agency.

NCUA participated with the other Agencies to develop the joint standards for assessing the regulated entities’ diversity policies and practices. The group held meetings and solicited input on how best to develop the standards. NCUA also conferred with credit unions to gain specific

¹ The Financial Services Agencies impacted by Section 342 include the NCUA, FDIC, OCC, FRB, SEC, CFPB, the U.S. Department of the Treasury, Federal Housing Finance Agency (FHFA), and the Federal Reserve Banks.

insight on their existing diversity programs, challenges, and successes. In addition, the interagency group held roundtable discussions with financial services professionals and community and consumer advocates to attain a greater understanding of issues facing minorities and women with respect to employment and contracting opportunities within the financial services industry.

On October 25, 2013, the Agencies published a Federal Register Notice requesting comment on a “Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies” (proposed Policy Statement) (78 FR 64052). The comment period for the proposed Policy Statement was scheduled to close on December 24, 2013, but the Agencies extended it until February 7, 2014, in response to requests from financial institutions, trade groups, and other members of the public.

The proposed and final Interagency Policy Statement set forth joint standards for assessing the regulated entities’ diversity policies and practices related to the following four areas:

1. Organizational Commitment to Diversity and Inclusion;
2. Workforce Profile and Employment Practices;
3. Procurement and Business Practices – Supplier Diversity; and
4. Practices to Promote Transparency of Organizational Diversity and Inclusion.

The final Interagency Policy Statement introduces “Entities’ Self-Assessment” (formerly called Proposed Approach to Assessment) as a fifth set of standards. These standards clarify how and when entities are encouraged to perform the self-assessment, and provide guidance on how entities may share the final assessment information. The self-assessment is voluntary, not mandatory. The self-assessment will not be part of the examination process, and agency examiners will not be expected to review the diversity data.

The final Interagency Policy Statement notes the Agencies focused primarily on institutions with more than 100 employees in drafting the standards.² The Agencies recognized that each entity is unique with respect to characteristics, such as its structure, workforce size, assets, contract volume, location, and community. In addition, since institutions that are small or located in remote areas face different challenges and have different options available to them compared to entities that are large or located in more urban areas, the final Interagency Policy Statement encourages each entity to use the standards in a manner appropriate to its unique characteristics.

Furthermore, the Agencies were mindful of Section 342(b)(4) of the Act, which states the directive to develop standards may not “be construed to mandate any requirement on or otherwise affect the lending policies and practices of any regulated entity, or require any specific action based on the findings of the assessment.” For this reason, it is important to emphasize that the use of the joint standards and any resulting report is voluntary and optional.

At the end of each year, NCUA will ask credit unions to submit self-assessments voluntarily and aggregate the data anonymously to submit to Congress in the agency’s annual OMWI report.

² Institutions with more than 100 employees already report diversity data annually to the U.S. Equal Employment Opportunity Commission.

RECOMMENDED ACTION: None. Public briefing on the “Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies.”

ATTACHMENT: Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies.