

Diversity and Inclusion Policies and Practices in Credit Unions Frequently Asked Questions

Questions about Diversity and Inclusion

1. *What is diversity and inclusion?*

Diversity is all of the things that make us different, both inherent and acquired. Diversity includes a broad spectrum of characteristics and attributes, including but not limited to age, religion, language, disability, sexual orientation, gender, gender identity, family structure, socioeconomic status, language, mental and physical abilities, perspectives, skills, experiences. A diverse organization is one that values and leverages the difference in its workforce and customers. Diverse organizations draw upon the widest range of perspectives and experiences to understand and meet the changing needs of its customers or stakeholders.

Inclusion is a practice or behavior that creates a sense of belonging and value for all individuals. It's a state of feeling valued, respected, and supported. It focuses on every individual's needs and ensures the right conditions are in place for each individual to achieve his or her full potential. An organization's culture, practices, and relationships should reflect inclusiveness to support a diverse workforce.

2. *Why are diversity and inclusion important?*

Diversity and inclusion are strategic business imperatives that allow credit unions to more effectively achieve their mission. Diversity and inclusion lead to better service, increased membership, and greater bottom-line results. These things make credit unions stronger and more sustainable. Diversity and inclusion help credit unions achieve strategic goals by:

- a. Creating opportunities for growth and sustainability
- b. Fostering development of innovation solutions
- c. Positioning credit unions to serve broad membership and untapped markets
- d. Ensuring access to affordable financial services for people in diverse and underserved communities

3. *How should credit unions define diversity?*

Credit unions have flexibility in defining diversity. The policy statement establishing the joint standards for assessing diversity policies and practices of regulated entities provides that "diversity" refers to "minorities . . . and women." Minority is defined as Black Americans, Native Americans, Hispanic Americans, and Asian Americans, which is consistent with the definition of "minority" in section 342(g)(3) of the Dodd-Frank Act. The policy statement also allows the definition to be flexible to encompass other groups or define the term more broadly. Examples of broader diversity definitions include millennials, people with disabilities, veterans, and lesbian/gay/bisexual/transgender individuals.

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4. Why is NCUA asking credit unions to establish and build their diversity policies and practices?

NCUA's mission is to ensure a safe and sound credit union system, and diversity and inclusion are critical to their growth and stability. Diversity is a good investment for credit unions. Understanding the value of the differences in backgrounds, skills, and experiences of each volunteer and staff member allows credit unions to connect a diverse set of skills to bring fresh ideas and perspectives in serving the vast and unique financial needs of their members. This creates potential for growth in membership and earnings. Valuing differences also opens up a broader talent pool from which credit unions can recruit board members and employees. For more detailed information on the value of diversity and inclusion for credit unions, please refer to our [Diversity: A Good Investment for Credit Unions](#) article.

Further, NCUA is required to promote and assess diversity in the credit union system. Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires NCUA to develop standards for assessing diversity policies and practices in credit unions and to report to Congress on the agency's efforts in regards to Diversity annually.

NCUA is encouraging federally insured credit unions to assess their diversity and inclusion policies and practices annually, and to report this information to NCUA. Based on the results of the self-assessment, credit unions should consider building upon their existing diversity and inclusion policies and practices during the normal course of business, where feasible.

5. What is supplier diversity?

Supplier diversity is the practice of promoting diversity in your credit union's contracting and procurement activities. The goal of supplier diversity is to increase business opportunities for minority- and women-owned businesses. Supplier diversity involves:

- a. Providing opportunities for minority- and women-owned businesses to bid on contracts or procurement activities (office supplies, promotional items, legal or accounting services)
- b. Educating minority- and women-owned businesses on how to do business with your credit union.

Examples of NCUA's supplier diversity efforts can be found [OMWI Congressional Reports](#) and on [OMWI's Supplier Diversity webpage](#).

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6. *What tools does NCUA provide to help credit unions establish and build upon their diversity policies and practices?*

NCUA has developed several tools to get credit unions of any size get started in establishing and building upon their diversity and inclusion policies and practices. These tools are accessible through NCUA's [Credit Union Diversity webpage](#). Currently, these tools include the following:

- a. Letter to Credit Unions No. 16-CU-05 – Diversity and Inclusion Policies and Practices Checklist
- b. Voluntary Credit Union Self-Assessment Checklist
- c. Guidelines and Instructions for the Voluntary Credit Union Self-Assessment Checklist
- d. Diversity: A Good Investment For Credit Unions article
- e. Diversity video
- f. Voluntary Credit Union Diversity Self-Assessment Checklist Fact sheet

Questions about the Diversity Standards

1. *What are the key areas of focus for the diversity standards?*

The diversity standards outlined in the Interagency Policy Statement focus on these five areas:

- (1) **Organizational Commitment to Diversity and Inclusion:** These standards measure the credit union's overall, top-level (senior leadership) commitment to diversity and inclusion in employment and contracting.
- (2) **Workforce Profile and Employment Practices:** These standards illustrate efforts for promoting the fair inclusion of minorities and women (or other diverse individuals) in the applicant pool for vacancies within the credit union's workforce at all levels, including management and volunteer officials.
- (3) **Procurement and Business Practices – Supplier Diversity:** These standards illustrate efforts for promoting the fair inclusion of minority- and women-owned businesses in your credit union's contracting opportunities.
- (4) **Practices to Promote Transparency of Organizational Diversity and Inclusion:** These standards provide examples on how credit unions can communicate information about their diversity, inclusion efforts, and progress made in a transparent manner.
- (5) **Entities' Self-Assessment:** These standards provide guidance on performing a self-assessment at your credit union, and steps to take after the self-assessment is completed.

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2. *Are the diversity standards and self-assessment expectations considered the new diversity rules or regulations?*

No. The diversity standards and self-assessment expectations are not new diversity regulations. The diversity standards were issued in the form of the Interagency Policy Statement Establishing Joint Standards for Assessing Diversity Policies and Practices of Entities (e.g., credit unions) Regulated by NCUA. This policy statement does *not* create any legal compliance obligations; and implementation or use of the diversity standards is *voluntary*. NCUA encourages credit unions to adopt the standards; assess their diversity policies and practices; and to look for ways to improve upon existing efforts.

3. *What is meant by promoting transparency of your organization’s diversity and inclusion practices?*

Transparency consists of communicating your credit union’s diversity policies and practices. This does not require you to share any confidential and proprietary information. It’s about telling your credit union’s story or journey to embrace or enhance diversity and inclusion. You can communicate information about diversity and inclusion efforts through normal business methods, such as disclosing diversity information on your websites, in newsletters, in promotional materials, and in annual reports or other correspondence with members. Examples of transparency from NCUA’s diversity and inclusion practices can be found in the agency’s [OMWI Congressional Reports](#) and on our [OMWI’s Supplier Diversity webpage](#).

Questions about the Credit Union Diversity Self-Assessment Checklist

1. *Which credit unions should perform a self-assessment of their diversity and inclusion practices? Who should perform the credit union’s assessment?*

NCUA encourages credit unions, with at least 100 employees, conduct a self-assessment to demonstrate their commitment to diversity and inclusion in the credit union’s workforce and in contracting activities. Someone in the credit union’s diversity or human resources office, with consultation with contracting or procurement staff, may be in the best position to review existing policies and practices and to complete the diversity self-assessment and checklist.

2. *When and how often should credit unions perform their self-assessment?*

Each year, credit unions will have an opportunity to conduct a self-assessment of their diversity and inclusion initiatives, and to provide the results to NCUA during the period of October 1 through November 30. Credit unions can use the assessment results to identify areas that need work or to discover new ideas for enhancing diversity and inclusion.

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3. *How does a credit union perform a diversity self-assessment? How long will it take to complete the checklist?*

Credit unions should review their existing diversity and inclusion policies and practices in conjunction with completing the Voluntary Credit Union Self-Assessment Checklist. NCUA recommends staff read the checklist and collect data in advance. The checklist contains only 28 questions and should take approximately one hour to complete. You can access the checklist and related resources at <http://ncua.gov/diversity-self-assessment>.

4. *If a credit union just began a diversity initiative, can they answer a question pertaining to that initiative in the affirmative?*

Yes. A credit union may answer a newly instituted diversity initiative as “yes” and provide comments on the efforts the credit union has performed to that diversity policy or practice.

5. *How will NCUA collect and publish the diversity assessment results received from the credit unions? Who will view those results?*

NCUA encourages credit unions to use the electronic version of the Voluntary Credit Union Self-Assessment Checklist to document and submit their assessment data annually to NCUA during the period of October 1 through November 30. A copy of this checklist is available [here](#). Upon the electronic submission of the checklist through [CUDiversity@ncua.gov](mailto:CU Diversity@ncua.gov), the assessment data automatically enters into a database for aggregate reporting. A select few designated staff in OMWI has access to individual credit union results.

NCUA will use the aggregated information for the purpose of monitoring progress and trends of the credit union system’s diversity and inclusion activities in employment and contracting, primarily in NCUA’s annual OMWI Congressional Report. The results, used in aggregate, will help identify where the industry is making progress and highlight areas of opportunity. The agency may also use the information to showcase successful diversity policies and practices. NCUA will *not* publish diversity information that identifies any particular credit union or individual, unless a credit union consents in writing to such use. Examples of NCUA’s aggregated disclosures are found in past [OMWI Congressional Reports](#).

6. *What happens if a credit union has limited or no diversity policies and practices? Should such credit unions perform an assessment and provide that information to NCUA?*

There is no penalty for credit unions that have limited or no ongoing diversity and inclusion efforts. NCUA welcomes all voluntary assessment submissions and does not expect credit unions to have all of the practices outlined in the checklist in place. Credit unions, especially ones with at least 100 employees, are encouraged to complete the self-assessment and return it

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to NCUA's Office of Minority and Women Inclusion between October 1 and November 30. The objective of the checklist is to capture information from credit unions about their diversity policies and practices and to establish a baseline and subsequently trends on what credit unions are doing in the area of diversity and inclusion.

7. How do credit unions obtain more information regarding best practices identified in the checklist?

Credit unions can obtain additional information about best practices in diversity and inclusion in workforce and supplier diversity by performing internet searches using keywords. Examples of such keyword include:

- Diversity Best Practices
- Inclusion Best Practices
- Promoting Diversity in the Workforce
- Workforce Diversity and Inclusion
- Workforce Diversity and Inclusion Best Practices
- Supplier Diversity
- Leadership or Organizational Commitment to Diversity
- Employment Practices Demonstrating Diversity and Inclusion