



OHIO CREDIT  
UNION LEAGUE

February 7, 2014

VIA Web: <http://www.regulations.gov>

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment

Dear Mr. Poliquin:

The Ohio Credit Union League (OCUL) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) Proposed Interagency Policy Statement establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities.

OCUL is the trade association for credit unions in Ohio and advocates on behalf of Ohio's 339 federal- and state-chartered credit unions, serving 2.7 million members. The comments reflected in this letter represent the recommendations and suggestions that OCUL believes would be in the best interest of Ohio credit unions.

Diversity is an important component of the credit union movement, which encompasses the full array of various communities who might otherwise not be served by financial institutions, from faith-based communities to organizations of people of color to institutions organized around a particular ethnic identity. Many credit unions already have existing policies and practices in place that are consistent with the general concepts of the proposed standards on diversity and inclusion. While credit unions continue support for appropriate diversity within the workplace, we are concerned that the joint proposal doesn't take into consideration that credit unions are member-owned, not-for-profit financial cooperatives and are quite different from most other types of financial service providers. In light of these differences, we feel that it would be more effective if each Agency provided tailored guidance for the entities they regulate. Therefore, we cannot support the diversity standards as they are currently jointly proposed.

OCUL is also concerned that the broad language of the proposal doesn't provide enough direction for credit unions for compliance purposes. In particular, we are concerned about policies and procedures to directly address diversity standards, procurement practices to promote supplier diversity, and practices to promote transparency of organizational diversity and inclusion.



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## **Policies & Procedures to Address Diversity Standards**

The Supplementary Information notes that entities with 100 or more employees or those that are federal contractors with 50 or more employees and that meet criteria necessitating the filing of an Employer Information Report EEO-1 with the Equal Employment Opportunity Commission should utilize those reports to assist in assessing their diversity policies and practices. We ask the Agencies to clarify their expectations for all entities that do not report to the Equal Employment Opportunity Commission (EEOC). Also, OCUL urges NCUA and the other Agencies to carefully consider the challenges that regulated entities are likely to encounter in complying with any new standards, let alone standards that would require manually gathering diversity related data.

## **Procurement and Business Practices – Supplier Diversity**

Under current NCUA regulations, credit unions are obligated to ensure vendors comply with policies for privacy and confidentiality. Many contracts are for highly technical services. Credit unions use trade organizations, conferences, and referrals to seek out suppliers, and look for the best candidates based on services and costs. As mentioned in the proposal, there are few resources to easily determine if a company is a woman- or minority-owned business and that should not be a significant factor in identifying a pool of potential providers. A further concern would be that attempting to comply with these standards more qualified vendors could be excluded.

Additionally, this policy statement applies to regulated financial service entities and not to the market in general. Outside suppliers may not have implemented diversity plans and therefore they could be removed from consideration when they may otherwise offer valuable services at affordable prices. Additionally, in some instances there may be a market leader for a product and if they do not have the appropriate policies in place, the credit union may be excluded from contracting with this company and may end up with substandard products and agreements.

Finally, credit unions often do not have the leverage to compel a supplier to modify its practices. It would not be an efficient use of resources to assess, evaluate and increase supplier diversity, by:

- attempting to modify vendors' contracts to include diversity objectives,
- policing whether contractors are using diverse subcontractors,
- paying for advertising of procurement opportunities, or
- tracking spending or percentage of contracts with women- or minority-owned businesses.

OCUL believes that adding requirements that credit unions track such characteristics of each of its vendors would be overly burdensome and very subjective and divert resources from the main mission of serving members.

## **Practices to Promote Transparency of Organizational Diversity & Inclusion**

OCUL also has concerns with the fourth proposed standard, which addresses transparency of entities' diversity and inclusion programs, including by displaying such information on an entity's website and in other promotional material. We question how requiring an entity to disclose its

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diversity policies publicly would aid the performance of diversity assessments. Further, depending on where the entity is located, it may be difficult to achieve diversity—especially for a smaller entity—based solely on the area’s demographics.

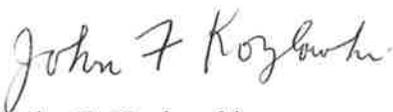
In addition, making public the information described in this proposed standard may be of little use—and possibly confusing—to the public. Public disclosure of information regarding an entity’s current workforce and supplier demographic profiles could also be misinterpreted, to the detriment of the employer. Therefore, we ask the Agencies to exclude from the final diversity standards any requirement or recommendation regarding public disclosure of entities’ diversity policies and practices.

### **Conclusion**

OCUL supports diversity and inclusion in the financial marketplace and understands that NCUA and the Agencies must develop standards for assessing the diversity policies and procedure for credit unions under Section 342 of the Dodd-Frank Act. However, we urge NCUA and the Agencies to implement the standards in a manner that will minimize the information gathering and reporting burden on credit unions. We are very concerned that diversity-related assessments could lead to additional and unnecessary burdens for credit unions. While we favor a self-assessment approach over an examination-based approach, even self-assessment of the proposed standards will be very burdensome to credit unions, including those already reporting diversity data to the EEOC.

The Ohio Credit Union League appreciates the opportunity to provide comments on the NCUA’s proposed rule on Requirement for Contacts with Federal Credit Unions, and is available to provide additional comments or information on this proposal if so requested. If you have any questions, please do not hesitate to contact me at (800) 486-2917 or [jkozlowski@ohiocul.org](mailto:jkozlowski@ohiocul.org).

Sincerely,



John F. Kozlowski  
General Counsel



Carole McCallister  
Manager, Regulation & Information

cc: Barry Shaner, OCUL Chair  
OCUL Board of Directors  
OCUL Government Affairs Committee  
Paul Mercer, OCUL President