

# NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION  
1775 Duke Street, Alexandria, VA 22314

**DATE:** September 2016                      **LETTER NO:** 16-CU-05

**TO:** Federally Insured Credit Unions

**SUBJ:** Voluntary diversity and inclusion policies and practices checklist

**ENC:** (1) Voluntary Credit Union Self-Assessment Checklist  
(2) Diversity: A Good Investment in Business Case  
(3) Final Interagency Policy Statement Establishing Joint Standards for Assessing Diversity Policies and Practices in Regulated Entities

Dear Board Members and Chief Executive Officer:

On June 9, 2015, six federal financial institutions regulatory agencies, including the National Credit Union Administration, issued final standards for voluntary assessment of diversity policies and practices in regulated entities. At that time, NCUA sent a [Letter to Credit Unions](#) describing these voluntary standards and the agency's process for collecting information.

NCUA has created a Voluntary Credit Union Self-Assessment Checklist to help credit unions assess their diversity and inclusion policies and practices and identify opportunities to put those policies and practices to work.

The goal of this voluntary self-assessment is to establish a baseline for evaluating diversity and inclusion in the credit union system. Individual credit union assessment results will **not** be shared with examiners and will have no bearing on CAMEL ratings. There is no penalty for credit unions that currently have limited or no diversity or inclusion policies in place.

In addition to the checklist, NCUA has developed some tools to get credit unions of any size started in this effort. In this packet, you also will find an article explaining a business investment case for diversity as well as the Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies.

Credit unions exist to provide affordable financial services through a member-owned, cooperative business model. This idea hasn't changed since the first credit union in the U.S. opened in 1909. What has changed, however, is the diversity of our population. Communities across America have seen significant demographic shifts in recent years. These shifts are creating new, as-yet-untapped markets that could be key to a credit union's continued success and growth.

A Harvard Business Review article, "[The Financial Services Industry's Untapped Market](#)," suggests the financial services industry could tap into more than \$5 trillion in the U.S. alone by promoting leadership diversity and inclusive behaviors. The article cites research from the Talent Innovation Center that proved a diverse workforce that "matches the market" can better

understand and meet consumer needs, and leaders who value diversity support innovative ideas and build a more inclusive culture.

Based on this and other research, it makes good business sense for credit unions to count diversity and inclusion among their most important and strategic priorities. However, it's often difficult to put diversity and inclusion into practice.

NCUA is providing the self-assessment checklist as a tool to help you build such practices and to inform us of these efforts annually. The checklist has been approved by the Office of Management and Budget. Credit unions, especially ones with at least 100 employees, are encouraged to complete the self-assessment and return it to NCUA's Office of Minority and Women Inclusion between Oct. 1 and Nov. 30.

Creating a standard assessment of diversity and inclusion policies and practices in regulated entities is required by the Dodd-Frank Act, Section 342(b)(2)(C). This self-assessment was designed by NCUA to be a simple process credit unions can use to easily share their ongoing efforts to increase diversity and create an inclusive environment for both employees and members.

If you have any questions, please contact NCUA's Office of Minority and Women Inclusion at 703-518-1650 or by email at [OMWImail@ncua.gov](mailto:OMWImail@ncua.gov).

Sincerely,

/s/

Rick Metsger  
Board Chairman