



BUREAU OF THE
Fiscal Service
U.S. DEPARTMENT OF THE TREASURY



Treasury Minority Bank Summit

Diversity, Equity, Inclusion: A Commitment to MDI Growth and Success

Bank Policy and Oversight Division

SBU – materials contain sensitive bank information but unclassified.

MDI Programs Committed to Success

Federal Commitment to Diversity, Equity & Inclusion

- Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government
 - Pursue a comprehensive approach to advancing equity for all
 - Federal Agencies shall conduct an equity assessment
 - Resources should be allocated to address historic failures
 - Promote equitable delivery of government benefits and equitable opportunities
 - Engagement with members of underservice communities
- Fiscal Service is engaged in activities that align with this Executive Order
 - Minority Bank Deposit Program (MBDP) – Started in 1969
 - Treasury Bank Mentor Protégé Program – Started in 2018
 - Revisions ongoing to internal guidance and process
 - Enhanced engagement with external stakeholders



Treasury Bank Mentor- Protégé Program



Background

The National Bank Acts of 1863 and 1864 granted Treasury the authority to retain financial agents (FA) to provide services on its behalf. Financial agents act on behalf of the Government during the performance of their duties under an agent-principal relationship with Treasury.

What is the TBMPP?

The Treasury Bank Mentor-Protégé Program (TBMPP) was established by the Department of Treasury, Bureau of the Fiscal Service, Revenue Collections Management, (RCM). Treasury recognizes the vital role that small banks and financial institutions (FIs) play in promoting the economic viability of the communities they serve; and aim to support and encourage the preservation of these institutions.

The Objective

To recruit current financial agents (FAs) or other large FIs to serve as mentors, and minority and women-owned institutions to serve as protégé banks. Mentors will share their knowledge and expertise via various training resources and opportunities that strengthens the protégé's ability to compete for Treasury FA business.

Treasury Bank Mentor Protégé Program

- The **vision** of the TBMPP is to cultivate a diverse pool of Financial Institutions (FIs) that have the ability, skills and knowledge to provide services on behalf of Treasury.
- The **mission** of the program is to improve the opportunity for qualified small FIs, including minority and women-owned small FIs, to compete for and be selected to serve as FAs, when appropriate.
- The **goal** is to train these small FIs on the daily operations and management of Treasury's programs and services; resulting in the ability and expertise to compete in the Financial Agent Selection Process (FASP).



Guiding Principles



- Inclusive
 - Greater participation in the Financial Agent Selection Process by large and small banks to expand the base of financial institutions that respond to solicitations or are included in responses to solicitations.
- Voluntary Participation
 - Mentor banks voluntarily assist protégé banks in growing their business and competing for FA opportunities.
 - Protégés volunteer to participate in the program, are responsive to the Mentor, and show commitment to the tasks and milestones associated with the program.
- Proactive
 - Initiate proactive efforts to engage small banks and financial institutions including the minority-owned and women-owned bank network through organizations such as the National Bankers Association, the Minority Business Development Agency, the Hispanic American Bankers Association, Independent Community Bankers of America, Association for Asian American Bankers, and the Urban Financial Services Coalition.
- Pilot and Refine
 - Socialize
 - Advocate

Types of Assistance Provided by the Mentor



- Assistance in competing for Financial Agent (FA) opportunities in the arena of Fiscal Service.
- Includes, but not limited to:
 - On-site visits and observation of processing facilities for orientation of FA operations.
 - Information sharing to provide insight into Fiscal Service's expectations of FAs, challenges, and perspective on the processing of federal government work.
 - Temporary assignment of personnel to the protégé for the purpose of training.
 - Shadow assignments for the purpose of learning from attendance at meetings, planning sessions, and the execution of daily operations.
 - Rent-free use of facilities and/or equipment.
 - Offering guidance on a successful model for project management (a core competency for FA work) and developing human capital and technical capacity to perform core FA responsibilities.
 - Program is the beginning of a larger impact on small banks.
 - Protégé bank leadership has direct contact with mentor bank executives.
 - Learning and exposure to other services (M&A; liquidity; opportunity zones; etc.).

Current Fiscal Service Programs With Financial Agents

<u>Business Line</u>	<u>Program</u>
<p style="text-align: center;">Revenue Collections Management (13)</p>	<ul style="list-style-type: none"> • Electronic Federal Tax Payment System • Seized Currency Collection Network • Foreign Checks • Passport Lockbox* • Electronic Check Capture* • Over the Counter Network* • Card Acquiring Service • Citizenship and Immigration Service Lockbox • Internal Revenue Service Lockbox* • Electronic Data Interchange • General Lockbox • Credit Gateway
<p style="text-align: center;">Disbursement and Debt Management (7)</p>	<ul style="list-style-type: none"> • Military Meals Checks • Stored Value Card Open Loop • Account Verification Service • Direct Express • US Debit Card • Centralized Receivables Service • ACH Post Payment Services (ACHPPS)

* FAAs with Mentor-Protégé partnerships



Financial Agency Agreements

(MDI Banks Participating on 4 agreements)

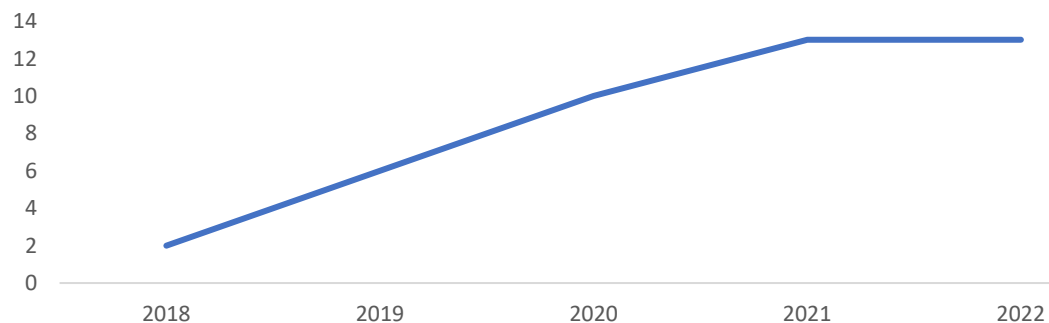
- OTCnet
- Electronic Check Processing
- AVS Pilot
- Passport Lockbox

Treasury Bank Mentor-Protégé Program

Current Mentor-Protégé Participants	
Mentor	Protégé
US Bank	First Independence Bank
JP Morgan Chase	Harbor Bank of Maryland
	Liberty Bank and Trust Co.
Citibank	Industrial Bank*
	Unity National Bank
	Citizens Trust Bank
	Bank of Cherokee County
	United Bank of Philadelphia
	One United Bank
	Mechanics & Farmers Bank
	Carver State Bank
PNC	INB, National Association*
BNY Mellon	Optus Bank

Note: * Designates Protégé banks that are participating in Financial Agency Agreements

TBMPP Agreements



TBMPP: This program increases the capacity of small and minority-owned banks to better serve their customers and potentially Treasury, creating new partnerships with Treasury and across the banking industry, and strengthening their ability to withstand the rigors of the rapidly changing banking industry and economic environment.

- Grew by 3 new partnerships in 2021
- Actively seeking new mentors
- 2020 Service to America Medal People Choice Award winner
- 2 minority and 1 small bank serve as vendors to designated FAs on 4 treasury programs
- Mentors have invested multi-millions with 13 proteges
- First Independence Bank, a Black-owned protégé bank, expanded its footprint outside of its state for the first time with support of its mentor bank (US Bank) and four other large partnering banks. Another branch is being opened in Minnesota, providing financial services in the underserved underbanked Minneapolis community where the George Floyd murder occurred.

Mentor – Protégé Opportunities



Summary of Protégé Opportunities Provided by Mentors

US Bank

Protégé Bank: First Independence

- **Opportunities:** SBA PPP Purchases, US Treasury Learning Opportunities

JP Morgan Chase

Protégé Bank: The Harbor Bank of Maryland

- **Opportunities:** Access to capital initiatives are currently in progress, Revenue sharing through Empower asset class to spur new client acquisition, Development and execution of strategic growth plan via JP Morgan internal partners (Advancing Black Pathways and Service Corps), Co-bidding for FAAs and other government opportunities (on going)

Protégé Bank: Liberty Bank

- **Opportunities:** Access to capital initiatives are currently in progress, Revenue sharing through Empower asset class to spur new client acquisition, Development and execution of strategic growth plan via JP Morgan internal partners (Advancing Black Pathways and Service Corps), Co-bidding for FAAs and other government opportunities (on going)

PNC Bank

Protégé Bank: INB Bank

- **Opportunities:** US Treasury Learning Opportunities, US Treasury Contract Opportunities

BNY Mellon

Protégé Bank: Optus Bank

- **Opportunities:** Loan Participation, Account Validation Service

CitiBank

Protégé Bank: Industrial Bank

- **Opportunities:** Equity Investments, SBA PPP Purchases, US Treasury, Contract Opportunities, Loan Participation

Protégé Bank: Unity National Bank

- **Opportunities:** Equity Investments, SBA PPP Purchases, US Treasury, Contract Opportunities, Loan Participation, Citi Secondment Program

Protégé Bank: Citizens Trust Bank

- **Opportunities:** Equity Investments, SBA PPP Purchases, Loan Participation

Protégé Bank: United Bank of Philadelphia

- **Opportunities:** Equity Investments

Protégé Bank: Optus Bank

- **Opportunities:** Equity Investments, Loan Syndication

Protégé Bank: One United Bank

- **Opportunities:** Equity Investments

Protégé Bank: M&F Bank

- **Opportunities:** Equity Investments

Protégé Bank: Carver State Bank

- **Opportunities:** Equity Investments

The Minority Bank Deposit Program (MBDP)

**IT ALL
STARTS
HERE** 

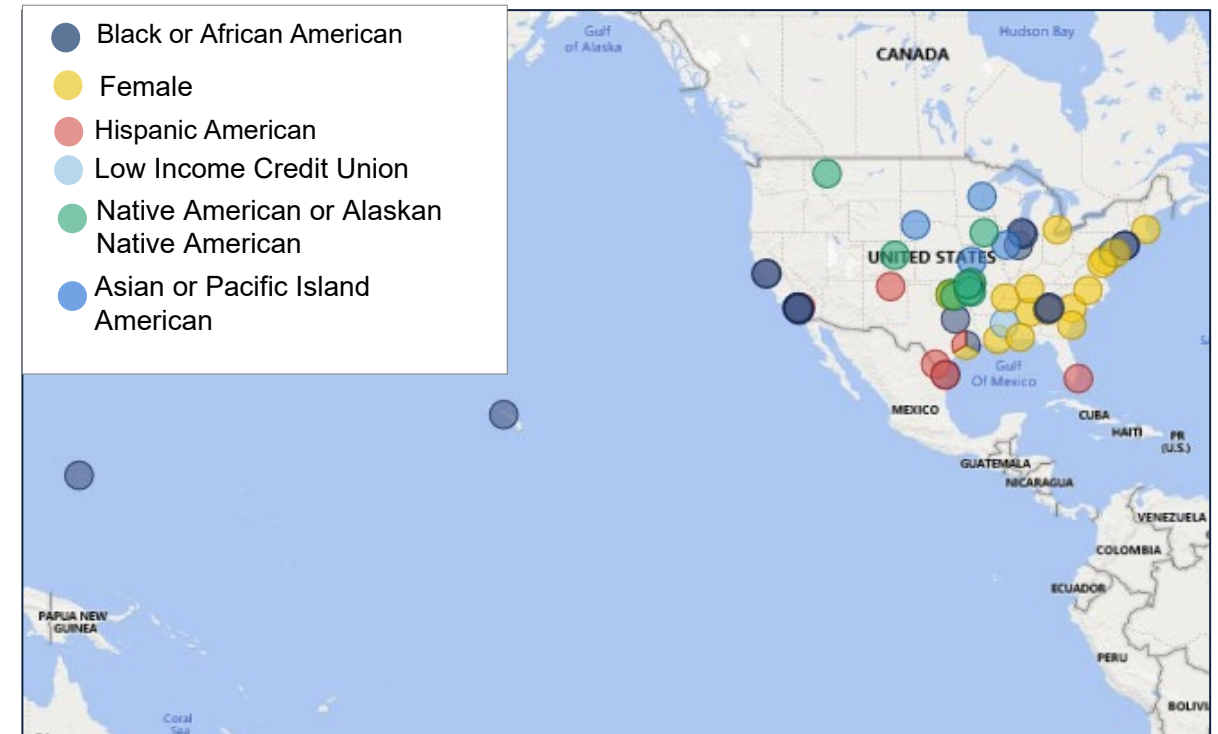
12 of the 13 current
proteges are
participants in the
Minority Bank
Deposit Program

Minority Bank Deposit Program (MBDP)

MBDP has been around for 54 years!!

- Voluntary Treasury program created to promote agency use of minority owned banks, women owned banks, and low-income credit unions by federal agencies with depository needs.
- Banks must be at least 50% owned by minority individuals or women. Low-income credit unions are given that designation by the National Credit Union Association (NCUA).
 - 73 members in 29 states & territories
- 2 MDIs participate in TGA Network
 - Letter to agency heads sent by the Deputy Secretary to encourage their use of MDIs for TGA needs
- Share opportunity information to membership when available to Revenue Collections

Minority Bank Designation



The Minority Bank Deposit Program (MBDP)

Operations

- The program has the full support of the Treasury Secretary and the POTUS.
- Financial institutions may join throughout the year or depart if their ownership changes making them ineligible. The Bureau, along with the Federal Reserve Bank of St. Louis, recertifies MBDP institutions annually. Contact bpo@fiscal.treasury.gov if you are interested in participating.

Trends

- After several years of declining numbers in the MBDP resulting from several factors (financial crisis-era bank failures, consolidation, and banks becoming publicly-owned), the program participation is in a steady state.

Fiscal Service Participation

- All FIs have access to participate in forums/summits for engagement and information sharing
- Several MBDP members received investments through the Emergency Capital Investment Program
- Currently, two MBDP institutions are TGA depositories & four banks participate in Financial Agency Agreements

Thank you!

Contact us at: BPO@fiscal.treasury.gov

MBDP Current Participants and Activity

Alamerica Bank
 Amerasia Bank
 American First National Bank AFNB Holdings
 American Metro Bank
 American Plus Bank
 Asian Pacific National Bank
Bank of Cherokee County^
 Bank of Grand Lake
Bank of Guam #
 Bank of Whittier, N.A.
 Bank Pacific Ltd
 Cambridge State Bank
 Carson Community Bank
 Carver State Bank
 Centinel Bank of Taos
 Chicasaw Community Bank
 Citizens Bank of Chatsworth
 Citizens Saving Bank & Trust
Citizens Trust Bank^
 Commonwealth National Bank
 Community Commerce Bank

Eagle Bank #
 Eastbank, N.A.
 Eastern International Bank
 Falcon International Bank
 Farmers & Merchants Bank
 Farmers State Bank
 First General Bank
First Independence Bank^
 First National Bank and Trust Company
 First National Bank of Gordon
 First Security Bank and Trust Company
 GNBank
 Golden Bank, N.A.
 Grand Bank for Savings FSB
 Hawaii National Bank
 Hope Federal Credit Union
 Horizon Bank
Industrial Bank ** ^
 Interamerican Bank
International Bank of Chicago ** ^
 Leader Bank, N.A.
Liberty Bank and Trust Company^
 Lone Star National Bank
 Loyal Trust Bank
 Mechanic and Farmers Bank
 Metro City Bank

Metropolitan Bank
 Millennium Bank
 Mission National Bank
 National Bank of Malvern
 Native American Bank N.A.
 Ocean Bank
 One United Bank
 One World Bank
Optus Bank^
 Pacific Alliance Bank
 People's Bank of Seneca
 Pinnacle Bank
 PromiseOne Bank
 Quantum National Bank
 Royal Business Bank
 Southwestern National Bank
 State Bank of Texas
 Texas National Bank
The Harbor Bank of Maryland^
 Touchmark National Bank
 UniBank
United Bank of Philadelphia^
Unity National Bank of Houston^**
 US Metro Bank
 Wallis State Bank

Legend
** - Working on FAA
- TGA Bank
^ - Treasury Bank Mentor-Protege

Ongoing Process Reviews and Stakeholder Engagement

Revisions ongoing to internal guidance and process

- Treasury has been reviewing its internal selection process to reduce or remove barriers to participation by small, minority or women owned financial institutions
- Updates are anticipated in Summer 2023

Enhanced engagement with external stakeholders, collaboration and outreach

- Regular forums/summits for engagement and information sharing
- Increased collaboration with external associations
- Membership surveys
- Internal news articles
- Leadership outreach to stakeholders