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TESTIMONY OF  
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before the  
SUBCOMMITTEE ON DIVERSITY AND INCLUSION  
COMMITTEE ON FINANCIAL SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES

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Statement Required by 12 U.S.C. § 250:

The views expressed herein are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.

## **I. Introduction**

Chairwoman Beatty, Ranking Member Wagner, and members of the Subcommittee on Diversity and Inclusion, I am Joyce Cofield, Executive Director of the Office of Minority and Women Inclusion (OMWI or Office) at the Office of the Comptroller of the Currency (OCC or agency). I appreciate the opportunity to discuss the OCC's commitment to diversity and inclusion with respect to the agency's workforce, the suppliers with which it contracts, and the approximately 1,200 national banks, federal savings associations, and federal branches and agencies (banks) the agency supervises.

Acting Comptroller of the Currency Brian Brooks, the members of the agency's Executive Committee, and I share a commitment for promoting diversity and inclusion within the OCC and the federal banking system. That commitment translates into agency actions that contribute to greater financial access and economic empowerment. We have been moved by the calls for social justice and greater economic equality and commit to doing our part to contribute to the greater good.

The OCC's OMWI was established in 2010 pursuant to section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and is responsible for agency matters relating to diversity in management, employment, and business activities. I have served as the OMWI's Executive Director since the Office's inception. I meet regularly with Acting Comptroller Brooks, as I have with previous Comptrollers, and work closely with the agency's Executive Committee and senior management to ensure that the OCC fulfills its commitment to diversity and inclusion. I also oversee the OMWI Diversity and Inclusion Team, and my testimony today will focus primarily on the team's work to (1) ensure that the OCC is a

diverse and inclusive workplace; (2) monitor and encourage diversity of the agency's suppliers; and (3) collect and analyze banks' self-assessments of their diversity policies and practices.

## **II. Discussion**

### Tone at the Top

Successful diversity and inclusion in any organization begins with the tone at the top. Acting Comptroller Brooks has vigorously and effectively championed this commitment. He has helped lead senior-level discussions about how to improve the diversity of candidate slates for hire and promotion decisions. He has also recognized the OCC's unique ability to convene significant leaders from the financial sector, civil rights organizations, the technology industry, and other business organizations with the means to identify and remove barriers to the full and fair participation of all Americans in our nation's economic and financial systems. This is evidenced by Project REACH, the OCC's Roundtable for Economic Access and Change. Project REACH was created to expand financial access by reducing the number of people excluded from the mainstream financial system because they lack a usable credit score. In addition, the project promotes sustainable affordable housing and the revitalization of minority-depository institutions, which play a critical role in their communities. The Acting Comptroller announced Project REACH in July, and its participants meet regularly to work on these issues.

### OCC Workforce Diversity and Inclusion

The statutory mission of the OCC is to ensure that banks operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. The agency relies on a committed workforce of more than 3,500 individuals to fulfill this mission, and the strength of this workforce depends on how

effectively the agency recruits and retains management and staff who have a wide range of diverse perspectives, experiences, and backgrounds.

To help ensure that the OCC can hire and retain diverse management and staff, OMWI develops detailed analyses on a variety of workforce trends, including recruitment and hiring, promotions and separations, and employee development and retention strategies. This information is crucial to agency decision-making about where to focus its diversity and inclusion efforts and how to maintain an inclusive culture and workplace environment. OMWI also assists the agency in making and implementing data-driven leadership decisions regarding diversity and inclusion.

Over the past ten years, the OCC's total minority population has increased from 30 percent to 36 percent. The agency's female population decreased from 48 percent to 44 percent during this same period, however, due primarily to a decrease in the number of female bank examiners. Manager positions held by both the minority and female populations have increased, from 21 percent to 28 percent and 37 percent to 39 percent, respectively. In addition, Senior-Level Manager positions held by minority and female employees increased during this period, from 20 percent to 25 percent and 27 percent to 30 percent, respectively. Today, the composition of the OCC Executive Committee is 22 percent minority and 44 percent female, compared to 13 percent and 25 percent, respectively, in 2010.

*Recruitment and Hiring.* OMWI plays a critical role in the formulation of the agency's recruitment strategy and its efforts to expand the diversity of its applicant pools. As part of this work, the OCC recruits at more than 200 colleges and universities across the country, including Hispanic Serving Institutions, Historically Black Colleges and Universities, and institutions with large female populations. It participates in minority professional organizations and specialty

conferences and hires interns through the National Diversity Internship Program and the Pathways Internship Program.

*Employee Retention.* OMWI's data and analyses also shape the agency's efforts to retain diverse employees. For example, in 2019, OMWI prepared an Hispanic Barrier Analysis that demonstrated the agency was not effectively retaining Hispanic employees. The analysis showed that Hispanics do not participate in the agency's workforce at their national availability rate, despite being hired at or above these rates, and identified key issues that affect Hispanic retention. With that information, the agency's Hispanic Organization for Leadership and Advancement (HOLA) developed a focused mentoring program to support newly-hired bank examiners during the first years of their careers. In addition, agency management is increasing training for those who lead these new hires to include "soft skills" courses, such as emotional intelligence, cultural awareness, and unconscious bias training. The agency expects that these efforts will improve Hispanic employee retention and build a more robust pipeline of Hispanic employees in the OCC workforce. OMWI will play an important role in assessing the effectiveness of these efforts.

*Career Development.* The OCC believes that leadership skills are crucial for career development and provides a variety of opportunities for employees to develop these skills. OMWI engages in a wide range of formal and informal activities to support these efforts. The Office sponsored unconscious bias courses and a course on women in leadership, and it supports training on a variety of issues, such as inclusive listening. OMWI also plays an important role in the OCC's Leadership Institute, which provides a framework, curriculum, and programs for developing the OCC's leadership pipeline, fostering a leadership culture, and supporting the career development goals of agency employees. In 2018, the agency added an enterprise-wide

Leadership Exploration and Development Program (LEAD) designed to build leadership competencies for aspiring leaders and managers. The first LEAD cadre was approximately 53 percent female, 18 percent Black, and 12 percent Hispanic.

*Employee Network Groups.* OMWI coordinates the OCC’s eight employee network groups, each of which is sponsored by and frequently communicates with a member of the agency’s Executive Committee.<sup>1</sup> These network groups serve as a collective voice in communicating workplace concerns and providing input to management around diversity and inclusion programs and activities within the OCC. They have proven to be a valuable means to attract and retain employees from diverse backgrounds and to create an inclusive work environment for all employees. Each year, OMWI sponsors a forum for the groups’ leaders to align the individual network group’s objectives with the agency’s strategic recruitment, career development, and retention priorities.

*Fostering an Inclusive Workplace.* On June 24, 2020, the federal financial regulatory agencies’ OMWIs jointly sponsored a webcast entitled “*Beyond Words: Race, Work and Allyship –Amid the George Floyd Tragedy.*” More than 8,000 employees from across the agencies attended. I was heartened by the number of OCC employee groups and business unit discussions that followed this event and by the depth of empathy they revealed. By supporting conversations around social justice, the agency is actively working to foster better understanding across cultural groups.

*High School Scholars Internship Program.* In 2019, as one of then-Comptroller Joseph Otting’s priority initiatives, the OCC established the High School Scholars Internship Program

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<sup>1</sup> These groups are the Coalition of African-American Regulatory Employees (CARE); Generational Crossroads; HOLA; Network of Asian Pacific Americans (NAPA); PRIDE; The Women’s Network (TWN); Veterans Employee Network (VEN); and the Differently Abled Workforce Network (DAWN).

(HSSIP), a six-week paid internship for students from public and charter high schools in the District of Columbia. I serve as one of the executive sponsors for the program, and OMWI plays a key coordinating role. The HSSIP provides an opportunity for participants to explore a variety of career paths at the OCC, gain an understanding of the financial services industry, and engage in enrichment activities on financial literacy and leadership fundamentals. The HSSIP inaugural class consisted of 81 students from six participating schools. In 2020, the OCC led an expanded program, collaborating with the National Credit Union Administration and Consumer Financial Protection Bureau, to provide paid internships to 115 students, including 30 students returning from the inaugural program. While many agencies and private businesses cancelled their summer internship programs because of COVID, Acting Comptroller Brooks and the Executive Committee converted the program to a virtual experience so the agency could continue to provide the interns with positive, enriching experiences.

#### OCC Supplier Diversity

Supplier diversity is another important area where the OCC focuses its diversity and inclusion efforts. The OCC is committed to the inclusion of minority-and-women-owned businesses (MWOBs) at all levels of the agency's business activities. OMWI staff members provide technical assistance, enhance awareness, and facilitate matchmaking with potential contractors concerning OCC procurement opportunities. Through a robust outreach program that includes hosting and presenting at educational events and conferences, OMWI maintains a database of more than 744 potential contractors. The Office also uses industry and demographic data to identify diverse suppliers and increase their awareness of contracting opportunities at the agency. In addition, OCC staff who have received specialized supplier diversity training assist

businesses, including MWOBs, on the process and procedures that must be followed to contract with the agency.<sup>2</sup>

Over the past ten years, the OCC's payments to MWOBs as a percentage of all OCC payments to contractors has remained consistently high, ranging from 37 percent in 2011 to a high of 43.2 percent in 2018, and currently is 37.4 percent in 2020 (year to date). During this same period, OCC payments to women-owned businesses have steadily increased, from 6.2 percent to 17.8 percent.

#### Bank Diversity Policies and Practices

In 2015, as directed by the Dodd–Frank Act, the OCC's OMWI joined in the publication of Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (Joint Standards).<sup>3</sup> The Joint Standards provide a framework for banks to create and strengthen their diversity policies and practices, including their workforce and employment practices, organizational commitment to diversity, procurement and business practices, and practices to promote transparency of organizational diversity and inclusion. They also provide a framework for banks to undertake self-assessments of their diversity policies and practices and encourage (1) voluntary disclosure of these self-assessment to the OCC and (2) publication of banks' diversity efforts in order to increase the public's awareness and understanding.

Each year since publication of the Joint Standards, the OCC has communicated with the chief executive officers of banks with 100 or more employees to encourage them to submit their diversity self-assessments. To reduce banks' burden, the OCC coordinates with the other federal

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<sup>2</sup> The OCC has staff who maintain certification as a Certified Professional in Supplier Diversity with the Institute for Supply Management and a Certified Supplier Diversity Professional with the Alliance of Supplier Diversity Professionals. See Annual Report at 9.

<sup>3</sup> Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies, 80 Fed. Reg. 33016 (June 10, 2015).

banking agencies to eliminate potential reporting overlap. Banks with holding companies (which include the largest banks the OCC regulates and an important part of the federal banking system) report their data to the Board of Governors of the Federal Reserve System, rather than to the OCC. As a result, the OCC's data is from the remaining responding banks and reflects the specific and unique circumstances of those institutions. Nevertheless, OMWI's analysis of the data the OCC received between 2016-2018 provides useful insights. Specifically, it reveals that the trend of women in bank management has been stable, and women fill just over 30 percent of management positions. Both minorities and women, however, are reflected in management positions at levels lower than their workforce participation rates. Furthermore, the data indicates that women comprise less than 20 percent of the banks' Boards of Directors (Boards), and a declining number of minorities serve on these Boards.

The majority of banks that provided data to the OCC demonstrated an organizational commitment to diversity, for example, by including diversity and inclusion in their strategic plans; taking steps to consider diverse candidates for Board and senior leadership positions; and designating diversity officers. However, OMWI's analysis noted declines in areas such as developing diversity policies and providing relevant training and educational opportunities. While the majority of respondents (1) have implemented diversity and inclusion policies and practices (including metrics); (2) have taken steps to ensure equal employment opportunities for all employees and applicants; and (3) held management accountable for their diversity and inclusion efforts, only three-quarters of these banks have implemented policies and practices designed to create diverse applicant pools.

The OMWI review of the banks' self-assessment submissions disclosed a continued need to focus on supplier diversity. Less than one-half of responding banks have a supplier diversity

policy that ensures fair opportunities for MWOBs to compete for procurement of business goods and services. Just more than one-third of reporting banks indicated that they have metrics to monitor and evaluate supplier diversity, and just over one-quarter have practices designed to promote a diverse supplier pool.

Transparency is also a challenge, as the majority of banks publicize their commitment to diversity and inclusion, but fewer actually publicize their diversity and inclusion strategic plans. Furthermore, while the majority of reporting banks stated that they annually conduct self-assessments, there is a declining trend with respect to those banks that actually publish information pertaining to their diversity assessments.

The OCC's OMWI has collaborated with the OMWI directors of other federal financial regulatory agencies to sponsor outreach events with bankers to address diversity and inclusion. In both 2018 and 2019, Financial Regulatory Agencies' Diversity and Inclusion Summits were well attended. In November 2019, the OCC OMWI participated in a webinar hosted by the American Bankers Association on "*What Bankers Need to Know About the Diversity Self-Assessment*," in which an estimated 200 institutions participated. These events assist banks with their diversity and inclusion efforts and enable banks to hear directly from their regulators' OMWI Directors regarding leading practices and regulatory expectations.

### **III. Conclusion**

Thank you for the opportunity to appear before you today. I look forward to working with the members of this Subcommittee and other members of Congress to address diversity and inclusion as it relates to the OCC, its suppliers, and the banks it supervises.