

Diversity Self-Assessment

Fact Sheet



BACKGROUND

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act required the federal financial regulatory agencies to establish an Office of Minority and Women Inclusion (OMWI) and instructed the OMWI Director at each agency to develop standards for assessing the diversity policies and practices of its regulated institutions (i.e. the OCC OMWI Director would need to establish standards for OCC-regulated banks, the FDIC OMWI Director would need to establish standards for FDIC-regulated banks, etc.).

WHAT ARE THE STANDARDS?

The standards became effective on June 10, 2015 and are intended to promote transparency and awareness of diversity policies and practices within regulated institutions. On July 13, 2016, the Agencies announced the Office of Management and Budget had approved the collection of voluntary self-assessment information. The information may be used by the Agencies to monitor diversity and inclusion trends and identify leading policies and practices within the financial services industry.

The policy statement established standards that reflect leading policies and practices and as designed to enable regulated entities to assess their diversity policies and practices in the areas of organizational commitment to diversity and inclusion; workforce profile and employment practices; produce and business practices; and, practices to promote transparency of organizational diversity and inclusion.

ARE THE STANDARDS APPLICABLE TO YOUR INSTITUTION?

The policy statement applies to entities that are regulated by the Agencies and by the other federal financial agencies that issued the policy statement, including depository institutions, holding companies and other financial service companies whose primary federal financial regulator is the Federal Reserve Board, FDIC or OCC. But guess what, the other agencies who issued the policy statement include the NCUA, CFPB and SEC. So, are the standards applicable to your institution? It is likely.

IS THERE AN EXEMPTION FOR SMALL INSTITUTIONS?

The policy statement focuses primarily on regulated entities with more than 100 employees. Similar regulated entities are also encouraged to use the Standards in a manner appropriate for their unique characteristics.

WHAT DO WE NEED TO DO TO COMPLY?

The policy statement states that regulated entities' self-assessments of their diversity policies and practices are voluntary and submission of information regarding those self-assessments to their primary federal regulator is also voluntary. So, Step One? Determine whether you have diversity policies and practices. If not, your next step is to develop and/or formally document diversity policies and practices. After all, how can you assess what you do not have? Because guess what...the policy statement envisions that you should conduct a voluntary self-assessment of your diversity policies and practices at least annually. You are encouraged to begin submitting your self-assessments for calendar year 2015. Thereafter, self-assessments should be submitted within 90 days of the close of the calendar year.

Our recommendation is to take the standards outlined below and within the policy statement and develop a document that specifically speaks to your policies and practices.

IF WE PROVIDE THE INFORMATION TO OUR REGULATOR, WHAT WILL THEY DO WITH IT?

According to the [FAQs](#), your diversity policies and practices will not be assessed by your primary federal regulator. The Agencies believe you are in the best position to assess your own diversity policies and practices and the self-assessments can provide you with an opportunity to focus on areas of strength and weakness in your policies and programs. The Agencies may use the self-assessment information to monitor progress and trends in the financial service industry with regard to diversity and inclusion in employment and contracting activities. The Agencies may also publish information disclosed to them, such as best practices, in any form that does not identify a particular entity or individual or disclose confidential business information.

HOW IS "DIVERSITY" DEFINED?

The policy statement defines diversity to refer to minorities and women. However, you are able to use a broader definition of diversity at your option.

WHAT ARE THE STANDARDS?

Details of the standards are outlined within the [policy statement](#) and include:

- **Organizational Commitment to Diversity and Inclusion**
- **Workforce Profile and Employment Practices**
- **Procurement and Business Practices: Supplier Diversity**
- **Practices to Promote Transparency or Organizational Diversity and Inclusion**

WILL THE REGULATORS PROVIDE GUIDANCE?

The Agencies may provide guidance upon request. The Agencies also plan to periodically conduct outreach and share leading practices.

WILL THE SELF-ASSESSMENTS BE INCORPORATED INTO THE SCOPE OF REGULATORY EXAMINATIONS?

The policy statement specifically states that the Agencies will **not** use their examination or supervisory processes in connection with the standards.