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February 12, 2020

The Honorable Joyce Beatty
Chairwoman
Subcommittee on Diversity and Inclusion
Committee on Financial Services
House of Representatives
Washington, DC 20515

The Honorable Ann Wagner
Ranking Member
Subcommittee on Diversity and Inclusion
Committee on Financial Services
House of Representatives
Washington, DC 20515

Dear Chairwoman Beatty and Ranking Member Wagner:

On behalf of America's credit unions, thank you for holding the hearing entitled, "Diversity and Inclusion: Holding America's Large Banks Accountable." The Credit Union National Association (CUNA) represents America's state and federal credit unions.

CUNA and our credit union members share the House Committee on Financial Service's commitment to increasing diversity in the financial services sector. Consistent with that commitment, CUNA's Board of Directors recently voted to add diversity and inclusion to the core set of cooperative principles that guide the work of credit unions. That decision was based on acknowledgement of the fact that diversity and inclusion, though an inherent component of each cooperative principle, is a subject of such importance that it warrants independent recognition and commitment from the credit union industry.

There is still more work to be done. And the nation's 5,500 credit unions are committed to enhancing diversity, equity, and inclusion in our member-owned, democratically controlled, not-for-profit financial cooperatives.

With respect to accountability, Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires the Director of each federal financial regulator's Office of Minority and Women Inclusion to develop standards for "assessing the diversity policies and practices of entities regulated by the agency."¹ In 2015, the federal financial regulators collectively adopted and released the "Final Interagency Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies."² In adopting the guidance, however, the Agencies specifically rejected the notion that diversity and inclusion standards could be uniformly applied to financial institutions using a one-size fits all approach. Instead, the final policy included the following statement:

The Agencies recognize that each entity is unique with respect to characteristics such as its size, location, and structure. When drafting these standards, the Agencies focused primarily on institutions with 100 or more employees. The agencies know that institutions that are small or located in remote areas face different challenges and have different options available to them compared to entities that are larger or located in more urban areas. The Agencies encourage each entity to use these standards in a manner appropriate to its unique characteristics.³

¹ 12 U.S.C. §5452 (2019).

² 80 Fed. Reg. 33016 (June 10, 2015).

³ *Id.* at 33023.

Today’s Committee’s hearing is focused on holding large banks accountable. Specifically, the Committee’s report released in conjunction with the hearing focuses on evaluating bank holding companies and savings and loan holding companies with \$50 billion or more in assets.⁴ CUNA and our credit union members, however, are very concerned by the fact that the legislative recommendations and proposed bills stemming from the report—as currently written—apply to all financial institutions without any regard to size or other unique characteristics.

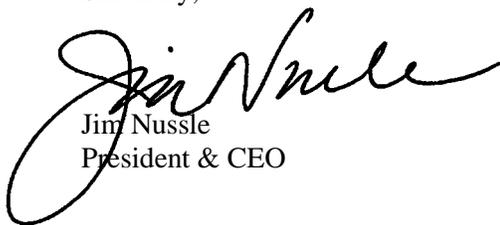
That fact has especially troubling implications for credit unions. While the Committee has fashioned its data reporting, public disclosure, and board diversity requirements based on an assessment of the practices and resources of institutions with \$50 billion or more in assets, credit unions have an average of \$286 million in assets by comparison.⁵ Currently, the median number of assets under a credit union’s management is \$35 million.⁶ Thus, credit unions have significantly less resources to accomplish diversity and inclusion initiatives than large banks and, accordingly, should not be judged using identical assessment criteria or subjected to identical obligations.

Similarly, the Agencies focused their assessment on institutions with 100 or more employees when recommending the reporting of employment diversity and inclusion data and implementation of personnel best practices, like the employment of a senior level executive focused on diversity and inclusion.⁷ Yet, 79 percent of all federally insured credit unions employ less than 50 personnel.⁸ As a result, these entities are currently not even required to annually collect or report workforce diversity data under Title VII of the Civil Rights Act of 1964 as part of the Employer Information Report.⁹ Thus, the Committee’s current legislative proposals to require employment diversity data from all institutions, without regard to staff size, would impose significant new data collection and reporting obligations on the vast majority of credit unions, even though these institutions collectively employ only one-quarter of all employees working at federally insured credit unions today.¹⁰ We urge the Committee to reconsider this approach.

We hope this letter highlights our concerns with the Committee’s current proposals, while underscoring our shared commitment to improving diversity and inclusion in the financial services sector. We appreciate your consideration of our views and welcome the opportunity to work with the Committee to ensure that the financial services sector is reflective of the diversity that exists within our nation.

On behalf of America’s credit unions and the 115 million members that they serve, thank you again for holding this hearing on the state of diversity and inclusion in the financial services sector.

Sincerely,



Jim Nussle
President & CEO

⁴ Majority Staff, “Diversity and Inclusion: Holding America’s Large Banks Accountable,” at 3, U.S. House of Representatives Committee on Financial Services (February 2020).

⁵ NCUA Call Report Data (June 2019).

⁶ NCUA Call Report Data (June 2019).

⁷ 80 Fed. Reg. at 33023.

⁸ National Credit Union Administration, Office of Minority and Women Inclusion 2018 Annual Report to Congress, 31 (March 2019).

⁹ See SECTION 709(c), TITLE VII, CIVIL RIGHTS ACT OF 1964.

¹⁰ National Credit Union Administration, Office of Minority and Women Inclusion 2018 Annual Report to Congress at 31.