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BANK DIVERSITY AND THE ROAD TO FINANCIAL RECOVERY

Annual Report on the Diversity of Bank Boards and Senior Management

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Introduction

This is the Greenlining Institute's sixth consecutive study of diversity of the boards of directors in major banks and financial institutions. The context for our most recent reports, especially since 2008 and continuing to this day, has been one of uncertainty for financial institutions, the American public, and the overall economy.

Since the publication of the Greenlining Institute's last report on bank board diversity in November 2009, financial institutions have been in the headlines almost daily. While the economy is no longer in free fall, almost everyone has suffered from the recent economic meltdown. The American public, as well as elected and regulatory officials, the Financial Crisis Inquiry Commission, and bank leaders themselves, have debated what happened and how to prevent its recurrence.

Race and Gender Diversity of Large Bank Boards of Directors

Rank	Bank	% Board Members of Color	% Women
1	Citi	33.3%	13.3%
2	Wells Fargo	20.0%	26.7%
2	Comerica	20.0%	20.0%
4	City National	16.7%	8.3%
5	US Bancorp	15.4%	15.4%
5	Bank of America	15.4%	15.4%
7	JP Morgan Chase	9.1%	18.2%
7	Goldman Sachs	9.1%	9.1%
9	Morgan Stanley	8.3%	16.7%

Largely missing from that conversation has been a discussion of the role that a lack of diversity in bank leadership and governance might have played in the crisis. While there are multiple factors, it should be noted that many of the predatory and illegal practices that created the bubble and the crash were targeted at communities of color, and such practices might have been far less widespread had more people with connections to these communities served on the boards and in the executive suites of the banks.

Opportunities Created by Diversity

As banks attempt to climb out of the economic rubble of the last few



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Breakdown of Diversity of Large Bank Boards of Directors

Rank	Bank	African American	Latino	Asian American	Women	Total Board Members	Total Board Members of Color	% Members of Color	% Women
1	Citi	2	2	1	2	15	5	33.3%	13.3%
2	Comerica	1	1	0	2	10	2	20.0%	20.0%
2	Wells Fargo	1	1	1	4	15	3	20.0%	26.7%
4	City National	1	0	1	1	12	2	16.7%	8.3%
5	US Bancorp	2	0	0	2	13	2	15.4%	15.4%
5	Bank of America	1	1	0	2	13	2	15.4%	15.4%
7	JP Morgan Chase	1	0	0	2	11	1	9.1%	18.2%
7	Goldman Sachs	0	0	1	1	11	1	9.1%	9.1%
9	Morgan Stanley	0	0	1	2	12	1	8.3%	16.7%

years, Greenlining once again urges improvement in diversity of bank governance and leadership. We do not urge diversity simply for diversity's sake, even in light of historic discrimination. We instead want to highlight two opportunities that diversity presents for banks' bottom lines.

First, with the magnitude of the recent crisis, the recession across the nation has become a depression in the most vulnerable communities. Many low-income communities and communities of color continue to suffer disproportionately, with higher unemployment, more foreclosures and shuttered businesses, disproportionate victimization by predatory lending, and faster loss of family and community assets. Financial institutions need an overall recovery of the Main Street economy, but such recovery will only be enabled if the most-impacted communities gain access to

capital and traditional banking products. Diverse board and executive leadership can help make those connections to the profit potential of safe and fair community engagement.

Second, the buying power of diverse communities is growing rapidly. By 2014, the Selig Center for Economic Growth projects buying power of \$1.3 trillion in Latino communities, \$1.1 trillion in African American communities, and nearly \$700 billion in Asian American communities¹. For example, Latinos are by far the fastest growing consumer base, but only 5 of the 112 directors of financial institutions studied here (a mere 4%) are Latino, and more than half of these institutions do not have a single Latino on their board. Financial institutions need to tap this buying power, and more diverse leadership can drive them in this direction.

Diversity of Senior Management of Six Major Financial Institutions*

CITI (Nationwide)	African American	Latino	Asian American	Multi-Racial	Native American	Total Employees of Color
Exec/Senior Managers	1	1	1	0	0	3
First/Mid-Level Managers	1359	1693	2041	29	39	5161
Professionals	1985	2187	4564	69	46	8851
Sales Workers	1692	2775	1381	41	58	5947
All Others	9000	7500	2689	163	200	19552
TOTAL	14,037	14,156	10,676	302	343	39514

As mentioned in prior Greenlining reports, authorities ranging from the Government Accountability Office (GAO)² and the Federal Reserve Bank of Boston³ to California’s two largest pension funds (CALPERS and CALSTRS)⁴ have found that diverse boards tend to be more effective and innovative. Such effectiveness can lead to enhanced profitability for these financial institutions.

Methodology

Greenlining sent a data request to each of the nine financial institutions (selected for a combination of asset size and significant provision of financial services in California) regarding their board and executive management diversity. Seven of nine financial institutions responded and were provided the opportunity to correct any inaccurate information we gathered.

Two of the financial institutions studied (Goldman Sachs and Morgan Stanley) did not reply to several requests to voluntarily provide diversity information. Information for these institutions reflects our best efforts to ascertain diversity data through their publicly-available materials on corporate governance. Comerica voluntarily provided board diversity data but not management diversity data.

Management diversity was provided nationally and for California.

Findings: Citi Offers a Model for Board Diversity that Should Be Emulated, While Most Other Financial Institutions Trail Far Behind

As in past years, major financial institutions vary widely in their board diversity. Citi’s board remains far and above the most diverse, with five of its fifteen members

from communities of color, including representatives of the African American, Latino, and Asian American communities⁵.

No other bank boards studied here reflect the diversity of the American public, and some demonstrate an almost complete lack of diversity. Five of the nine financial institutions studied have zero representation from the Latino community, four have no Asian American representation, and two have no African American representation.

Joined by JP Morgan/Chase, the investment banks Goldman Sachs and Morgan Stanley each have a grand total of one member of any minority group on their boards, pegging them around 8-9% overall board diversity. This is of special concern because of the investment banks’ unique role in the financial crisis, benefit from the taxpayer bailout, and impact on any future American economic recovery.

Only Wells Fargo joins Citi in having a member of each of these three communities represented on its board. In other words, only two of the nine major financial institutions studied here can claim even token representation of each major minority group on their boards of directors.

JP Morgan Chase and US Bancorp have neither Latinos nor Asian Americans on their boards of directors. These are the two fastest-growing communities of color, in terms of population, buying power, and potential economic impact.

Women face similar exclusion from bank boards of directors. In only one of the nine financial institutions studied here (Wells Fargo) do women comprise even one-quarter of the board, despite comprising more than half of the American population.

Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
27	11.1%	3.7%	3.7%	3.7%	0%	0%
16652	31.0%	8.2%	10.2%	12.3%	0.2%	0.2%
22222	40.0%	8.9%	9.8%	20.5%	0.3%	0.2%
14151	42.0%	12.0%	19.6%	9.8%	0.3%	0.4%
40399	48.4%	22.3%	18.6%	6.7%	0.4%	0.5%
93451	42.3%	15.0%	15.1%	11.4%	0.3%	0.4%

CITI (California Only)	African American	Latino	Asian American	Multi-Racial	Native American	Total Employees of Color
First/Mid-Level Managers	70	266	223	3	7	569
Professionals	35	104	160	2	4	305
Sales Workers	56	517	411	6	9	999
All Others	185	804	630	10	6	1635
TOTAL	346	1691	1424	21	26	3508

Citi's California operation, while representing only a small portion (6%) of its national workforce, is generally one of the most diverse. Management diversity nationally leaves much room for improvement: for example, of the 27 Executive/Senior Manager level positions nationwide, only 10% are held by members of the largest minority groups).

CITY NATIONAL (California)	African American	Latino	Asian American	Multi-Racial⁶	Native American	Total Employees of Color
Executive Vice President & Above	0	0	1	X	1	2
Senior Vice President	8	23	27	X	1	59
Vice President	57	131	149	X	2	339
Total	65	154	177	X	4	400

City National Bank demonstrates modest diversity in management, although African Americans are particularly underrepresented in management (14.2% and 16.1% respectively). Like every other bank studied in this report, City National's management diversity is lowest in the highest above positions.

WELLS FARGO (Nationwide)	African American	Latino	Asian American	Multi-Racial	Native American	Total Employees of Color
Assistant Vice President	1560	1382	1621	118	84	4765
Director	35	14	65	3	4	121
Executive Vice President	15	7	12	1	2	37
First Vice President	19	23	17	1	1	61
Managing Director	19	12	26	1	4	62
President	0	0	0	0	0	0
Senior Executive Vice President	0	0	0	0	0	0
Senior Managing Director	0	0	0	0	0	0
Senior Vice President	172	172	181	17	19	561
Vice Chairman	0	0	0	1	0	1
Vice President	987	946	1373	95	63	3464

Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
1095	52.0%	6.4%	24.3%	20.4%	0.3%	0.6%
665	45.9%	5.3%	15.6%	24.1%	0.3%	0.6%
1550	64.5%	3.6%	33.4%	26.5%	0.4%	0.6%
2367	69.1%	7.8%	34.0%	26.6%	0.4%	0.3%
5677	61.8%	6.1%	29.8%	25.1%	0.4%	0.5%

erse banks at the top management levels and comes closer to reflecting California’s diversity. However, Citi’s top-level managementally, only one African American, one Latino, and one Asian American are represented (or 3.7% each for the nation’s three

Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Native American
X	8.7%	0.0%	0.0%	4.3%	0.0%
X	19.7%	2.7%	7.7%	9.0%	0.3%
X	36.7%	6.2%	14.2%	16.1%	0.2%
X	32.1%	5.2%	12.4%	14.2%	0.3%

d Latinos and Asian Americans are better represented, especially at the Vice President level, which is the lowest level of senior declines at the higher levels of the organization; overall, people of color comprise only 8.7% of all Executive Vice President and

Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
18417	25.9%	8.5%	7.5%	8.8%	0.6%	0.5%
866	14.0%	4.0%	1.6%	7.5%	0.3%	0.5%
426	8.7%	3.5%	1.6%	2.8%	0.2%	0.5%
816	7.5%	2.3%	2.8%	2.1%	0.1%	0.1%
867	7.2%	2.2%	1.4%	3.0%	0.1%	0.5%
1	0%	0%	0%	0%	0%	0%
3	0%	0%	0%	0%	0%	0%
2	0%	0%	0%	0%	0%	0%
5223	10.7%	3.3%	3.3%	3.5%	0.3%	0.4%
6	16.7%	0%	0%	0%	16.7%	0%
19095	18.1%	5.2%	5.0%	7.2%	0.5%	0.3%

WELLS FARGO (California Officers)	African American	Latino	Asian American	Multi-Racial	Native American	Total of Co
Assistant Vice President	207	723	927	31	21	1909
Director	3	5	20	0	1	29
Executive Vice President	3	6	7	1	2	19
First Vice President	3	6	7	0	0	16
Managing Director	1	2	8	0	1	12
President	0	0	0	0	0	0
Senior Executive Vice President	30	55	112	7	3	207
Senior Managing Director	0	0	0	0	0	0
Senior Vice President	181	346	809	38	15	1389
Vice Chairman	0	0	0	0	0	0
Vice President	207	723	927	31	21	1909

Nationally, at the top management levels (President, Senior Executive Vice President, Senior Managing Director, and Vice Chairman), Wells Fargo is not diverse. However, at the lower levels of management, Wells Fargo's California operation is far more diverse, approximately doubling the percentage of people of color. Even something close to equal representation with Latinos and Asian Americans nationally at Wells Fargo, African American representation is significantly lower.

US BANK (National)	African American	Latino	Asian American	Multi-Racial	Native American	Total of Co
Chief Executive Officer	0	0	0	0	0	0
Vice Chairmen	0	0	0	0	0	0
Executive Vice Presidents	0	1	1	0	1	3
Division/Market/Regional Presidents	0	1	0	0	0	1
Senior Vice Presidents	9	14	26	5	2	56
Vice Presidents	35	53	72	17	2	179
Branch Managers	142	235	187	38	9	611
Other Management	270	278	215	62	15	840

US BANK (California Only)	African American	Latino	Asian American	Multi-Racial	Native American	Total of Co
Executive Vice Presidents	0	0	1	0	0	1
Senior Vice Presidents	3	6	11	1	0	21
Vice Presidents	9	16	23	3	1	52
Branch Managers	28	122	108	10	4	272
Other Management	18	78	47	6	2	151

Nationally, US Bank demonstrates especially low management diversity. There are no people of color among twelve Vice Chairmen, Regional Presidents. Even at the Senior Vice Presidents and Vice President positions, people of color are sorely underrepresented. In California, representation is even lower. Still, African Americans trail far behind in California as well, falling below 5% at every management position.

Employees of Color	Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
	3742	51.0%	5.5%	19.3%	24.8%	0.8%	0.6%
	112	25.9%	2.7%	4.5%	17.9%	0%	0.9%
	171	11.1%	1.8%	3.5%	4.1%	0.6%	1.2%
	67	23.9%	4.5%	9.0%	10.4%	0%	0%
	91	13.2%	1.1%	2.2%	8.8%	0%	1.1%
	2	0%	0%	0%	0%	0%	0%
	995	20.8%	3.0%	5.5%	11.3%	0.7%	0.3%
	2	0%	0%	0%	0%	0%	0%
	3904	35.6%	4.6%	8.9%	20.7%	1.0%	0.4%
	0	0%	0%	0%	0%	0%	0%
	3742	51.0%	5.5%	19.3%	24.8%	0.8%	0.6%

man), people of color overall represent only 1 of 12 positions at Wells Fargo. The picture is not much better in California. How-
percentage of people of color in both Assistant Vice President and Senior Vice President positions. While African Americans have
representation diminishes considerably compared to Latinos and Asian Americans in California.

Employees of Color	Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
	1	0%	0%	0%	0%	0%	0%
	12	0%	0%	0%	0%	0%	0%
	61	4.9%	0%	1.6%	1.6%	0%	1.6%
	74	1.4%	0%	1.4%	0%	0%	0%
	846	6.6%	1.7%	1.1%	3.1%	0.6%	0.2%
	1984	9.0%	2.8%	1.8%	3.6%	0.9%	0.1%
	2744	22.3%	5.2%	8.6%	6.8%	1.4%	0.3%
	5481	15.3%	4.9%	5.1%	3.9%	1.1%	0.3%

Employees of Color	Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
	9	11.1%	0%	0%	11.1%	0%	0%
	87	24.1%	3.4%	6.9%	12.6%	1.1%	0%
	200	26.0%	4.5%	8.0%	11.5%	1.5%	0.5%
	619	44%	4.5%	20%	17.4%	1.6%	0.6%
	423	35.7%	4.3%	18.4%	11.1%	1.4%	0.5%

men, and people of color comprise only 4.9% of Executive Vice President positions and a mere 1.4% of the 74 Division/Market/
In California, US Bank's management diversity is considerably improved, especially with respect to Latino and Asian American

JP MORGAN/CHASE (Nationwide)	African American	Latino	Asian American	Other	Native American
First Vice President	47	46	32	3	X
Manager	2	1	2	0	X
Associate	791	594	1870	32	X
Assistant Treasurer	27	21	15	2	X
Assistant Vice President	1256	1216	1169	66	X
Chairman & CEO	0	0	0	0	X
Chief Investment Officer	0	0	0	0	X
Executive Vice President	0	0	0	0	X
Executive Director	47	72	183	2	X
Managing Director	37	47	84	4	X
Officer	1991	3416	1482	169	X
President	0	0	0	0	X
Senior Vice President	14	7	10	1	X
Vice Chairman	0	0	1	0	X
Vice President	1290	1341	2271	87	X
TOTAL	5502	6761	7119	366	X

JP MORGAN/CHASE (California Only)	African American	Latino	Asian American	Other	Native American
First Vice President	2	8	7	1	X
Associate	5	20	32	1	X
Assistant Treasurer	3	3	4	2	X
President	22	119	85	11	X
Executive Director	1	1	5	0	X
Managing Director	2	1	4	0	X
Officer	67	519	224	34	X
Senior Vice President	0	0	0	0	X
Vice Chairman	0	0	0	0	X
Vice President	48	136	140	11	X
TOTAL	150	807	501	60	X

Because JP Morgan/Chase did not provide total numbers of employees, we were unable to calculate percentages of management-level employees of color as compared to the entire organization's management. The one exception is JPMC's provision of the total number of management-level employees in California (*albeit not disaggregated by position*). These totals tell a concerning story: In a majority-minority state, employees of color overall comprise a mere 81% of management, and presumably a far smaller percentage of the most senior levels of management. Strikingly, African Americans do not comprise even 1% of all management positions in JPMC's California operation, and Latinos and Asian Americans fare hardly better.

Total Employees of Color	Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Other
128						
5						
3287						
65						
3707						
0						
0						
0						
304						
172						
7058						
0						
32						
1						
4989						
19748						

NO DATA PROVIDED⁷

Total Employees of Color	Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Other
18						
58						
12						
237						
7						
7						
844						
0						
0						
335						
1518	18,757	8.1%	0.7%	4.3%	2.7%	0.3%

NO DATA PROVIDED

BANK OF AMERICA (National)	African American	Latino	Asian American	Multi-Racial	Native American	Total Employees of Color
Senior Managers	0	0	0	0	0	0
Executive Vice Presidents	9	1	7	0	0	17
Senior Vice Presidents	631	745	1216	49	49	2690
Vice Presidents	2357	2080	4614	176	113	9340
Assistant Vice Presidents	2894	2371	3280	168	72	8785
Officers	2988	2294	1768	134	63	7247
TOTAL	8879	7491	10885	527	297	28079

BANK OF AMERICA (California Only)	African American	Latino	Asian American	Multi-Racial	Native American	Total Employees of Color
Senior Managers	0	0	0	0	0	0
Executive Vice Presidents	0	0	2	0	0	2
Senior Vice Presidents	70	174	327	13	7	591
Vice Presidents	209	624	1230	35	20	2118
Assistant Vice Presidents	206	822	913	35	7	1983
Officers	168	630	661	21	9	1489
Total	653	2250	3133	104	43	6183

Nationally, Bank of America has no Senior Managers of color (of 12 total), and only one Latino among 122 Executive Vice Presidents (as well as just 7 Asian Americans and 9 African Americans). Like many other financial institutions, Bank of America is far more diverse in its California organization, at least with respect to Latino and Asian American representation. In the California Vice President, Assistant Vice President, and Officer positions, Bank of America comes closer to reflecting the state's diversity. The exception is African Americans, who comprise less than 7% of any management level in California. Furthermore, at the highest rank in California, Bank of America has zero African American or Latino Executive Vice Presidents (of 19 total) and only two Asian American Executive Vice Presidents.

NO DATA PROVIDED FOR: COMERICA, MORGAN STANLEY, GOLDMAN SACHS

Data was provided to Greenlining in a slightly different format from each bank. Greenlining made minor edits in order to create a uniform format for all the data that we presented in the report.

Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
12	0%	0%	0%	0%	0%	0%
122	13.9%	7.4 %	0.8%	5.7%	0%	0%
18593	14.5%	3.4%	4.0%	6.5%	0.3%	0.3%
37755	24.7%	6.2%	5.5%	12.2%	0.5%	0.3%
25338	34.7%	11.4%	9.4%	12.9%	0.6%	0.3%
17311	41.9%	17.3%	13.3%	10.2%	0.8%	0.4%
99131	28.3%	9.0%	7.6%	11.0%	0.5%	0.3%

Total Employees	% Employees of Color	% African American	% Latino	% Asian American	% Multi-Racial	% Native American
0	0%	0%	0%	0%	0%	0%
19	10.5%	0.0%	0.0%	10.5%	0.0%	0.0%
2,310	25.6%	3.0%	7.5%	14.2%	0.6%	0.3%
5,234	40.5%	4.0%	11.9%	23.5%	0.7%	0.4%
3,745	53.0%	5.5%	21.9%	24.4%	0.9%	0.2%
2,431	61.3%	6.9%	25.9%	27.2%	0.9%	0.4%
13739	45.0%	4.8%	16.4%	22.8%	0.8%	0.3%

Recommendations

In light of the data presented above, we provide the following recommendations:

- 1) Every bank should take proactive, voluntary action to commit to 40% overall board diversity and at least one African American, Latino, and Asian American member. Such proactive and voluntary leadership efforts would demonstrate genuine leadership commitment and could preempt more regulatory attention.
- 2) Echoing a key recommendation in Senator Robert Menendez's groundbreaking 2010 study of diversity in Fortune 500 companies, banks should interview at least one diverse candidate when filling board or leadership positions. Senator Menendez cites the National Football League's self-imposed "Rooney Rule," where at least one minority candidate is interviewed for head coaching and senior football operations opportunities. A similar voluntary leadership commitment could be undertaken by the major banks.
- 3) The twenty newly-created Offices of Minority and Women Inclusion (OMWIs) should jointly undertake a study of the board and management diversity of all the financial institutions they regulate⁸. This study should offer insight into challenges toward board diversification and highlight best practices as replicable models.
- 4) The federal financial regulatory agencies should recognize that if diversity of leadership is essential for banks, it's equally important for those that oversee them. Regulatory agencies themselves (for example, the Federal Reserve Board and twelve Federal Reserve Banks, Office of Comptroller of the Currency, Federal Deposit Insurance Corporation, Securities and Exchange Commission, and Consumer Financial Protection Bureau) can demonstrate best practices in diversity. Greenlining will soon release a related study of diversity in all federal financial regulatory agencies.

We believe that implementation of each of these recommendations could advance a win-win-win outcome: financial stability for more underserved Americans, increased profits for responsible financial institutions, and overall recovery and growth of the American economy. In this case, corporate profits and corporate social responsibility will go hand in hand for widespread benefit.

References

1. Humphreys, J.M (2009). The Multicultural Economy, 2009. *Georgia Business and Economic Conditions*. 69 (3), 1-3. The University Of Georgia.
2. General Accountability Office. "Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives", 1993-2008.
3. Federal Reserve Bank of Boston. "Closing the Gap: A Guide to Equal Opportunity Lending." 1992.
4. Virtcom Consulting, "Board Diversification Strategy: Realizing Competitive Advantage and Shareholder Value." October 2008
5. While Citi's board is in part international, we should also emphasize the importance of representation from communities of color domestically, creating connections to American minorities.
6. City National provided Greenlining with total percentages under each category, but did not provide the total number of employees.
7. JP Morgan Chase has provided us with a different metric of management diversity, which will be included in an upcoming State of Banking report.
8. In the Wall Street Reform and Consumer Protection Act of 2010, the federal government made a strong commitment to the support of minority- and women-owned firms by creating an Office of Minority and Women Inclusion in each of twenty federal financial regulatory agencies. These offices will diversify the regulatory agencies overseeing the banks and will monitor performance of the banks in contracting with diverse firms.



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