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Pamela Gibbs  
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Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Docket ID OCC-2013-0014  
[SENT VIA EMAIL]

### **Final Interagency Policy Statement Must Equip OMWIs for Success**

Dear Ms. Cofield, Ms. Clark, Mr. Pereira, Ms. Hughs Davy, Mr. Ishimaru, and Ms. Gibbs,

The Greenlining Institute “Greenlining” is a vested stakeholder in the Offices of Minority and Women Inclusion. As a racial and economic justice advocacy organization, we recognize the unique and vast potential of these offices to strengthen the financial sector through diversity.

#### **Greenlining Coalition:**

Allen Temple Baptist Church  
American GI Forum  
AnewAmerica  
Asian Business Assn.  
Asian Inc  
Black Business Assn.  
Brightline Defense Project  
California Black Chamber  
California Hispanic Chambers  
California Journal for FilAm

California Rural Legal Assistance  
Chicana/Latina Foundation  
Chicano Federation, San Diego  
Community Child Care Council  
Community Resource Project  
Council of Asian American Business Assn.  
El Concilio of San Mateo County  
Ella Baker Center  
FAME Renaissance  
Greater Phoenix Area Urban League

Hispanic American Growers Assn.  
Hmong American Political Assn.  
KHEIR Center  
La Maestra Family Clinic  
Mexican American Grocers Assn.  
Mexican American Political Assn.  
Mission Language & Vocational School  
Mission Housing Development Corporation  
National Federation of Filipino American Assn.  
Oakland Citizens Committee for Urban Renewal

Our Weekly  
Precinct Reporter Group  
Sacramento Observer  
San Francisco African American Chamber  
San Francisco Housing Development  
Search to Involve Pilipino-Americans  
Southeast Asian Community Center  
TELACU  
Ward Economic Development  
West Angeles Community Development

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Greenlining has actively provided feedback, research, and support throughout the OMWIs' existence,<sup>1</sup> including comments on the 2013 proposed interagency policy statement.<sup>2</sup> We thank the collective Agencies for this opportunity to comment once again. In reviewing the current Final Interagency Policy Statement, we find that it does not equip the OMWIs with the information, standards, or infrastructure necessary to successfully accomplish their important mission.

## Who We Are

Greenlining works to bring the American Dream within reach of everyone, regardless of race or zip code. We represent a multicultural coalition of over 40 national and statewide nonprofits, including more than a dozen community-based organizations, ethnic chambers and national consumer groups. We pursue a multi-issue platform of racial and economic justice to promote America's future prosperity. Today, the majority of children born in the United States are non-white, and the nation is poised to become "majority-minority" by 2043. It is essential that our financial system is reflective of and ready to serve the needs of this consumer base. We comment from the perspective of promoting the interests of America's new majority.

Below, please find our response to categories solicited in the OMWI's final interagency policy statement.

### **1. Whether the collection of information is necessary for the proper performance of the Agencies' functions, including whether the information will have practical utility.**

The OMWIs were created as a response to the financial crisis' disproportionate impact on communities of color. Diversifying the financial sector—so that entities better reflect, understand, and responsibly serve communities of color—first requires that Agencies have a baseline understanding of current diversity and inclusion practices at each company providing data. Section 342(b)(2)(C) requires the OMWIs to "[assess] the diversity policies and practices of entities regulated by the agency".<sup>3</sup> In order to yield enough practical information to realistically improve diversity at the approximately 70,000 regulated entities, these assessments must have thorough methodologies.

Greenlining is challenged by the OMWIs selected approach to assessing diversity and inclusion in the financial sector, as expressed in our October 24, 2013 press release<sup>4</sup> and February 7, 2014 comment letter.<sup>5</sup> As written, these assessments—or current collection of information—will not equip the OMWIs with the appropriate information to accurately assess the state of diversity and

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<sup>1</sup> The Greenlining Institute. Search Results: Offices of Minority and Women Inclusion.

<http://greenlining.org/?s=omwi&submit=#>

<sup>2</sup> The Greenlining Institute. Greenlining Comments to Strengthen Federal Diversity Policy. (February 6, 2014).

<sup>2</sup> The Greenlining Institute. Greenlining Comments to Strengthen Federal Diversity Policy. (February 6, 2014).

<http://greenlining.org/issues/2014/greenlining-comments-strengthen-federal-diversity-policy/>

<sup>3</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 342: Office of Minority and Women Inclusion. (2010). [http://www.frbsf.org/our-district/about/office-minority-women-inclusion/supplier-diversity/supplier-information-procurement/Dodd\\_Frank\\_Act\\_Section\\_342.pdf](http://www.frbsf.org/our-district/about/office-minority-women-inclusion/supplier-diversity/supplier-information-procurement/Dodd_Frank_Act_Section_342.pdf)

<sup>4</sup> The Greenlining Institute. Bank Regulators' Proposed Diversity Standards Short on Specifics. (October 24, 2013).

<http://greenlining.org/issues/2013/bank-regulators-proposed-diversity-standards-short-specifics/>

<sup>5</sup> The Greenlining Institute. Greenlining Comments to Strengthen Federal Diversity Policy. (February 6, 2014).

<http://greenlining.org/issues/2014/greenlining-comments-strengthen-federal-diversity-policy/>

inclusion across the industry. Its current structure will yield large variations in what questions, and in how much detail, respondents provide. We anticipate the information received will produce little practical utility.

To serve the original intent and purpose of Section 342—assessing diversity of regulated entities—collected information must be standardized, as indicated by an author of the provision in an April 11, 2014 public comment letter.<sup>6</sup> As a supporter of the OMWIs and their mission, we want to ensure the final framework is thorough in collecting specific, consistent data that allows the OMWIs to draw substantive conclusions.

## **2. The accuracy of the Agencies’ estimate of the information collection burden, including the validity of the methods and the assumptions used.**

The OMWIs account for the burden of compliance –by creating voluntary, self-assessments—limits the efficacy of their efforts and the purpose of Sec. 342. Regulators know companies only respond to mandates; voluntary data collection yields lower response rates, and results in low-quality data. The OMWIs’ methods and assumptions, therefore, severely restrict the validity of their information request. We urge the OMWIs to model the success of mandated reporting in California’s utility and insurance sectors to increase participation and ensure entities prioritize diversity.<sup>7</sup>

The use of self-assessments will make it easy for companies to respond and hard for OMWIs to analyze, constraining the validity of information collected. For example, financial institutions have created their own unique metrics for supplier diversity. The variety measurements and definitions, such as, what constitutes “total spend”, makes it impossible to compare peer institutions or establish a baseline measure of performance. This lack of common metrics results in an information gap, stalling progress. Allowing self-assessments using an open-ended standard will perpetuate this issue and hinder the OMWIs’ analysis of received data.

Furthermore, allowing voluntary compliance is not in line with Congressional intent of Sec. 342, as indicated by one of its authors. We encourage the Agencies’ strengthen their method of collecting data from regulated companies and reconsider their oversight structure in the future.

## **3. Ways to enhance the quality, utility, and clarity of the information proposed to be collected.**

Irregardless of the enforcement authorities granted to the OMWIs, tangible steps can immediately be taken to enhance the utility of collected data. Standardizing the data requests will make the received data much easier to analyze for the OMWIs, while making the reports and results publically available will contribute novel data on diversity in the financial sector and motivate entities to become more inclusive in their operations.

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<sup>6</sup> Waters, Ranking Member, et al. (April 11, 2014). [http://www.federalreserve.gov/SECRS/2014/May/20140509/OP-1465/OP-1465\\_041514\\_126311\\_475617696392\\_1.pdf](http://www.federalreserve.gov/SECRS/2014/May/20140509/OP-1465/OP-1465_041514_126311_475617696392_1.pdf)

<sup>7</sup> The Greenlining Institute. Greenlining Comments to Strengthen Federal Diversity Policy. (February 6, 2014). <http://greenlining.org/issues/2014/greenlining-comments-strengthen-federal-diversity-policy/>

With input from industry experts, standardized data requests would greatly enhance the quality and clarity of information proposed to be collected. Greenlining’s February 7, 2014 comment letter provides customized examples the OMWIs could adopt for the following categories: 1) Organizational Commitment to Diversity and Inclusion, 2) Workforce Profile and Employment Practices, 3) Procurement and Business Practices—Supplier Diversity, and 4) Practices to Promote Transparency of Organizational Diversity and Inclusion. The aforementioned letter contains links to data requests issued by the California Department of Insurance and California Public Utilities Commission.

Public access to collected data can increase the utility of current and future data submitted to the Agencies. Stakeholders, including members of the public, industry peers, and government, must have access to individual company-level data to help inform opportunities for progress. This does not equate to disciplinary action, which is prohibited under Section 342(b)(4).<sup>8</sup> We agree with the members of Congress that authored “When the legislative history of Section 342 is considered in conjunction with the plain reading of Sections 342(b)(2)(C) and 342(b)(4), it becomes evident that disclosure of the diversity assessment findings is required.”<sup>9</sup> We argue that the disclosure of the assessment findings should apply on an individual-institution level.

## **Conclusion**

The importance of creating effective, strong standards within the parameters of Section 342 cannot be understated. Women and people of color have historically been underrepresented in the financial sector, and will likely continue to do so without regulatory incentive. Increasing diversity and inclusion will enhance the financial industry’s knowledge and capacity to better serve its current and future customers.

We recognize that the interagency OMWIs have an uphill battle in creating fair, effective and impactful diversity standards for regulated entities. Greenlining strongly urges the group to consider revisiting the current structure of the final policy statement in the near future and to utilize stakeholders’ expertise and positioning as they implement this first iteration of this provision. As always, we offer ourselves as a partner to support this work.

For the above-stated reasons, Greenlining respectfully requests that the Agencies consider our feedback and suggestions.

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<sup>8</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 342: Office of Minority and Women Inclusion. (2010). [http://www.frbsf.org/our-district/about/office-minority-women-inclusion/supplier-diversity/supplier-information-procurement/Dodd\\_Frank\\_Act\\_Section\\_342.pdf](http://www.frbsf.org/our-district/about/office-minority-women-inclusion/supplier-diversity/supplier-information-procurement/Dodd_Frank_Act_Section_342.pdf)

<sup>9</sup> Waters, Ranking Member, et al. (April 11, 2014). [http://www.federalreserve.gov/SECRS/2014/May/20140509/OP-1465/OP-1465\\_041514\\_126311\\_475617696392\\_1.pdf](http://www.federalreserve.gov/SECRS/2014/May/20140509/OP-1465/OP-1465_041514_126311_475617696392_1.pdf)

Sincerely,



Sasha Werblin

Economic Equity Director



Danielle Beavers

Economic Equity Senior Program Manager

The 13 following organizations below support The Greenlining Institute's solution driven principles.

American GI Forum  
San Francisco African American Chamber of Commerce  
Americans for Financial Reform  
Greater Phoenix Urban League  
Minority Business RoundTable  
Asian Pacific Islander Small Business Program  
Council of Asian American Businesses  
Fresno Metro Black Chamber of Commerce  
El Concillio of San Mateo County  
California Black Chamber of Commerce  
Asian Inc.  
Insight Center for Community Economic Development  
Asian Business Association  
Our Weekly

