

## **[Banking and Finance Law Daily Wrap Up, DIRECTORS, OFFICERS AND EMPLOYERS—Financial Services Committee reports on lack of diversity at large banks, \(Feb. 13, 2020\)](#)**

Banking and Finance Law Daily Wrap Up

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Although the majority staff report on 44 large banks found diversity lacking in boards of directors and senior employees, some banks have achieved pay equity between female and male employees and, at nearly all banks, the overall proportion of racial and ethnic minorities approximates the U.S. general population.

House Financial Services Committee Chairwoman Maxine Waters (D-Calif) and Financial Services Subcommittee on Diversity and Inclusion Chair Joyce Beatty (D-Ohio) have [released](#) a multimedia majority staff report entitled "[Diversity and Inclusion: Holding America's Large Banks Accountable.](#)" Following the March and April full Committee hearings in 2019 to hold megabanks accountable, Waters and Beatty, sent requests to 44 financial institutions to obtain their diversity and inclusion data and policies.

The Committee staff report found that: banks' boards of directors are not diverse; banks' senior employees are not diverse; and banks have limited spending and investments with diverse firms. Despite these shortcomings, the Committee staff analyses also found that some banks are implementing diversity-focused policies and practices, including: recruiting diverse talent; establishing employee resource groups; and linking diversity and inclusion results to performance.

The Committee staff analyses also found that: some banks have achieved pay equity between male and female employees; at nearly all banks, the ratio of male to female employees approximates the U.S. general population; and, at nearly all banks, the overall proportion of racial and ethnic minorities approximates the U.S. general population.

While all 44 banks acknowledged in some way that they need to improve with respect to diversity and inclusion, nearly half of the banks surveyed did not share any specific challenges in implementing their diversity and inclusion goals. For those banks that identified challenges, the most prevalent challenges reported were: the competition for diverse talent; the absence of a consistent definition of diversity and inclusion; and data collection and self-identification problems.

Finally, to ensure full compliance with the original intent of Section 342 of the Dodd-Frank Act and to increase transparency into banks' diversity and inclusion results, the report recommends legislative actions to require that America's largest banks: (1) share diversity and inclusion data with their regulators and the public; (2) track and make efforts to increase their spending with diverse firms; and (3) publicly disclose the diversity of their boards.

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