

Oral Statement
Beverly Cole
Deputy Comptroller, Northeastern District
Office of the Comptroller of the Currency
November 20, 2019

Chairman Meeks, Ranking Member Luetkemeyer, and members of the Subcommittee, I am Beverly Cole, Deputy Comptroller for the Northeastern District and Designated Federal Officer for the OCC's Minority Depository Institutions Advisory Committee. I am responsible for coordinating activities across the OCC to promote the health and vitality of OCC-supervised minority depository institutions. I am pleased to appear today to discuss the OCC's efforts to preserve and promote minority depository institutions.

In my 37 years at the OCC, I have seen first-hand the valuable contributions MDIs provide to the communities they serve, and to the federal banking system overall. Today, the OCC supervises 47 minority and women-owned institutions. We supervise 20 MDIs owned by Asian American or Pacific Islanders, 7 owned by Hispanic Americans, 5 owned by African Americans, and 3 are Native American or Alaska Native-owned. Uniquely the OCC includes women-owned institutions in our MDI definition, and twelve of our MDIs are women-owned.

OCC-supervised MDIs are located in 19 states with combined assets of \$17.1 billion. These banks range in asset size from \$46 million to over \$2 billion. More than 75 percent have assets of \$500 million or less.

MDIs play unique roles in their communities and frequently serve populations underserved by the mainstream banking sector. Immigrants who face language and cultural challenges; Indian country, which may be subject to banking deserts; and

historically underserved urban and rural areas are just a few examples. We believe MDIs are uniquely positioned to create positive change in the communities they serve. The OCC is engaged in a range of activities to preserve MDIs, consistent with the agency's mission of ensuring a safe and sound federal banking system and providing fair treatment and fair access to customers. In addition to the technical assistance our subject matter experts provide to MDIs, the OCC chartered an MDI Advisory Committee in 2012. The Advisory Committee provides a forum to discuss the condition of MDIs and regulatory changes affecting them.

One outcome of our Advisory Committee dialogue has been the creation of a dedicated and successful bank collaboration program. In April 2016, the OCC hosted its first collaboration event which included a group of OCC-supervised MDIs and majority owned mid-sized banks to facilitate relationship building and information sharing. That initial meeting led to successful partnerships. These collaborations can provide MDIs access to expertise, technology, and financial services and products to further serve their communities that the MDIs would not be able to access on their own. The most common form of collaboration has involved MDIs receiving deposits from larger institutions that provide a stable funding source, but has also resulted in equity investments and technical assistance including training, support for new product development, and assistance with compliance programs. The larger banks also report business benefits from these transactions.

To date, we have hosted 12 regional collaboration roundtables and additional roundtables are scheduled for next year. The OCC has been very deliberate in communicating the primary focus of these engagements is to build longstanding mutually

beneficial business relationships. The success of these collaborations is based on a sense of mutual trust, resulting in more sustainable and beneficial partnerships.

My written statement provides more detail on our collaboration initiatives, and the range of technical assistance, training and outreach activities we provide to MDIs. I'd like to close by recognizing Chairman Meeks' draft legislation, the "Ensuring Diversity in Community Banking Act of 2019" and applaud the Chairman for his leadership in this area. The OCC is pleased to see the range of ideas reflected in the bill, and we look forward to working with the Subcommittee as the bill proceeds through the legislative process.

Thank you, and I look forward to answering your questions.