

Preservation and Promotion of Minority Depository Institutions

The Federal Deposit Insurance Corporation Report to Congress for 2020



Executives and staff in the FDIC's six regional offices communicate with each MDI regularly to outline the FDIC's efforts to promote and preserve minority ownership and management of financial institutions; offer to have a member of regional management meet with the institution's board of directors to discuss issues of interest; hold roundtable discussions and training sessions; and seek input regarding any training or other technical assistance the institution may desire.

The FDIC has a website (fdic.gov/mdi) dedicated to MDIs that houses the FDIC's [Annual Reports to Congress](#), a list of MDIs updated quarterly, research studies on MDIs, and other helpful resources. These resources include information on how collaborations with MDIs can result in sound and profitable lending and investments that meet the needs of underserved communities, updates on the FDIC's MDI Subcommittee, and contact information for national and regional MDI coordinators and staff.

2020 Initiatives Supporting Minority Depository Institutions

The preservation and promotion of MDIs remains a long-standing, top priority for the FDIC. The FDIC's research study, [Minority Depository Institutions: Structure, Performance, and Social Impact](#), published in 2019, found that MDIs have played a vital role in providing mortgage credit, small business lending, and other banking services to minority and low- and moderate-income communities.

In 2020, the FDIC pursued several strategies to support MDIs including increasing engagement and representation, facilitating partnerships, updating policies, and promoting the MDI sector through advocacy, as well as by providing outreach, technical assistance, and education and training for MDIs.

Engagement and Representation

The FDIC's [MDI Subcommittee](#) of the Advisory Committee on Community Banking (CBAC) was formed in 2019 and held two virtual meetings in 2020. There are nine executives serving as members of the MDI Subcommittee representing African American, Native American, Hispanic American, and Asian American MDIs across the country.



The MDI Subcommittee provides a venue for minority bankers to discuss key issues and share feedback on program initiatives, including the FDIC's revised [Statement of Policy Regarding Minority Depository Institutions](#). The MDI Subcommittee provides a platform for MDIs to promote collaboration, partnerships, and best practices, and it identifies ways to highlight the work of MDIs in their communities.

In addition, three MDIs serve on the 18-member CBAC to further bring MDI perspectives and issues to the table.

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Partnerships

In 2019, the FDIC facilitated a number of networking roundtables to bring together MDIs and large banks, and these networking opportunities continued to bear fruit in 2020 with more than \$10 million in additional deposits into MDIs.

In October 2020, the FDIC published a resource guide, [Investing in the Future of Mission-Driven Banks: A Guide to Facilitating New Partnerships](#), as well as an [MDI and CDFI Bank Locator](#) to help private investors develop partnerships with MDIs and other mission-driven banks. The resource guide outlines the important role FDIC-insured MDIs and CDFIs play in the financial system, describes the business needs of these banks, and outlines strategies for private companies and philanthropic organizations to consider in supporting MDIs and CDFI banks through equity investments, grants, deposits, creation of an investment fund, technology support, and other partnership opportunities. These strategies can help MDIs build capacity and scale.

In December 2020, the FDIC reviewed proposals to engage a financial services advisory firm to work with law firms retained by the FDIC to begin standing up a [Mission-Driven Bank Fund](#), which will channel private investment funds into FDIC-insured mission-driven banks such as MDIs and CDFI banks. The fund will provide opportunities for FDIC-insured mission driven banks to pitch proposals for equity capital, loan participations, and other ways to build capacity and scale. With significant investment commitments by private companies, philanthropic organizations, and other financial institutions, it is anticipated that the fund will provide a sizeable source of capital and other tools that can help

MDIs and CDFI banks grow their operations and expand their impact in minority communities. The FDIC intends to launch the fund in 2021. The FDIC will not be an investor or play a role in hiring the independent fund manager.



In 2020, the FDIC created an [interactive mapping system](#) to locate FDIC-insured MDI or CDFI bank headquarters and branches in the U.S. and territories.

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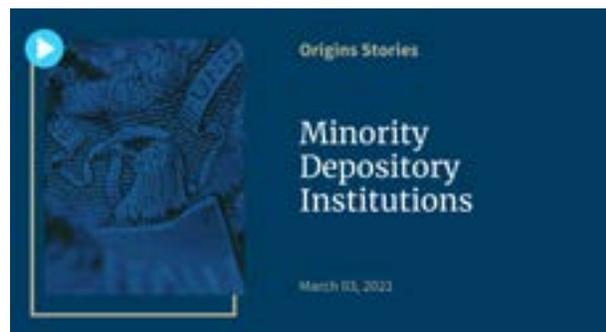
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Policies

The FDIC's Board of Directors updated and strengthened its [Statement of Policy Regarding Minority Depository Institutions](#) in August and published it for public notice and comment in September 2020. The policy statement reflects the agency's enduring commitment to fulfilling the five statutory goals to preserve and promote MDIs and outlines the framework for the MDI program across the FDIC. Key changes include emphasis on engagement with MDIs, enhanced technical assistance, and a description of how examiners apply examination standards to the unique business models of MDIs. The public comment period closed in November 2020, and after reviewing and considering the comments, the Board of Directors approved the final Statement of Policy on June 15, 2021.

Advocacy



It is important to promote the visibility of MDIs, to tell their stories, and showcase the important role they play in their communities. In early 2020, the FDIC began recording and publishing videos of MDI executives sharing their institutions' "origin stories," highlighting the reasons their institutions were formed and describing how they have served their communities over time. In addition, the FDIC recorded and promoted a

number of videos and podcasts centered on MDIs, and agency leaders emphasized the significance of MDIs in numerous public speaking engagements.

On March 3, 2020, the FDIC joined the U.S. Department of the Treasury for a Freedman's Bank Forum to commemorate the 155th anniversary of the Freedman's Savings and Trust Company's charter. Freedman's Savings and Trust Company was created to provide economic opportunity for newly emancipated African Americans.



FDIC Chairman Jelena McWilliams (center) participates in the Freedman's Bank Forum, an event held at the U.S. Treasury on March 3, 2020, to commemorate the 155th anniversary of the bank's founding. From left, NCUA Chairman Rodney Hood, Treasury Assistant Secretary Bimal Patel, Comptroller of the Currency Joseph M. Otting, and Federal Reserve Governor Michelle W. Bowman.

Outreach, Technical Assistance, Education

The FDIC also continuously pursued efforts to improve communication and interaction with MDIs and to respond to the concerns of minority bankers in 2020. The agency maintains active outreach with MDI trade groups and offers to arrange annual meetings between FDIC regional management and each MDI's board of directors to discuss issues of interest. The FDIC routinely contacts MDIs to offer return visits and technical assistance following the conclusion of FDIC safety and soundness, consumer compliance,