

Preservation and Promotion of Minority Depository Institutions

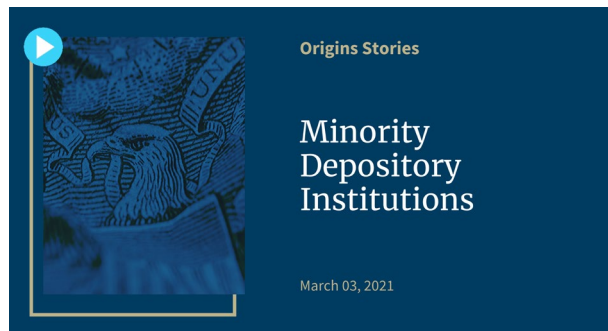
The Federal Deposit Insurance Corporation Report to Congress for 2020



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,

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Community Reinvestment Act, and other specialty examinations to help bank management better understand and implement examination recommendations. These return visits, normally conducted within 90 to 120 days after the examination, are intended to provide useful recommendations or feedback for improving operations, not to identify new issues.

Through its public [website](#), the FDIC invites inquiries and provides contact information for any MDI to request technical assistance at any time.

In 2020, the FDIC provided 135 individual technical assistance sessions on approximately 40 risk management, consumer compliance, and resolution topics, including:

- » Accounting,
- » Bank Secrecy Act and Anti-Money Laundering,
- » Business continuity planning,
- » Community Reinvestment Act,
- » Compliance management,
- » Funding and liquidity,
- » Information technology risk management and cybersecurity,
- » Internal audit,
- » Loan modifications and Troubled Debt Restructuring, and
- » Pandemic contingency planning.

The FDIC also held outreach, training, and educational programs for MDIs through conference calls and regional banker roundtables. In 2020, topics of discussion for these sessions included many of those listed above, as well as collaboration and partnerships, CECL accounting

methodology, information technology vendor management, cybersecurity, Community Reinvestment Act, innovation, Bank Secrecy Act, CDFI Fund Programs, and emerging technology.

Failing Institutions

In accordance with Section 308 and FDIC policy, the FDIC seeks to preserve the minority character of failing institutions before and during the resolution process. The FDIC provides ongoing supervisory oversight of institutions prior to failure, through regular on-site examinations, visitations, off-site monitoring, and through many offers of technical assistance.

In the event of a potential MDI failure, the FDIC contacts all MDIs nationwide that qualify to bid on failing institutions. The FDIC solicits qualified MDIs' interest in the failing institution and discusses the bidding process. The FDIC also provides technical assistance regarding completion of the bid forms and use of the FDIC's secured website for conducting due diligence. During the resolution process, the appropriate Federal and State regulators must clear institutions on the final bidders list.

The FDIC provides a two-week franchise marketing window exclusively for MDIs. During this window, the FDIC contacts all qualified MDIs on the bid list to ensure they received an invitation to bid, and provides full access to the data room if an MDI is interested. The FDIC also describes the failing bank transaction and offers technical assistance on the bidding process. Following the two-week period, the FDIC invites all other qualified bidders to the failing bank project.

In 2020, no MDIs failed.