

Preservation and Promotion of Minority Depository Institutions

The Federal Deposit Insurance Corporation Report to Congress for 2021



Further, the economic strain caused by the pandemic disproportionately affected these communities. During the latter part of 2021, financial performance has shown improvement as the pandemic had less economic effect on distressed communities.

FDIC Minority Depository Institutions Program



The FDIC's [Statement of Policy Regarding Minority Depository Institutions](#) (see Attachment 1) provides the framework for the agency's MDI program. In November 2021, the FDIC created a new permanent organization, the Office of Minority and Community Development Banking (Ofce), to support the agency's ongoing strategic and direct engagement with FDIC-insured MDIs and Community Development Financial Institutions (CDFIs). The new Ofce is comprised of a Director and six staf. The Ofce works closely with MDI coordinators in each of the FDIC's six regional ofces. The Director reports to the Directors of the Division of Risk Management Supervision and the Division of Depositor and Consumer Protection to leverage resources and expertise in the two divisions.

The new Ofce advises the FDIC Chairman and other senior leaders on MDI activities and initiatives that support mission-driven banks, provides overall direction and guidance, and consults with other FDIC divisions to provide appropriate resources across the agency to support program initiatives. The FDIC's MDI program is fully integrated into the supervision, consumer protection, insurance, and resolution business lines.

The Ofce works closely with MDIs and their trade associations to seek feedback on the FDIC's efforts under this program, discuss possible training and technical assistance initiatives, and explore options for preserving and promoting minority ownership and management of depository institutions. In addition, the Ofce partners with government and private-sector organizations to build capacity in the mission-driven banking sector; expand FDIC research on mission-driven banks; develop strategies to encourage the creation of new MDIs and CDFIs; provide technical assistance that supports innovation and technology solutions for mission-driven banks; and promote partnerships between mission-driven banks, other financial institutions, and the private sector.

Staf in the new Ofce also regularly meet with Federal banking agency colleagues to discuss outreach and training efforts, to share ideas, and to identify opportunities where the agencies can work together to support MDIs. The FDIC also coordinates with other Federal agencies that provide programs that can assist MDIs.

Executives and staf in the FDIC's six regional ofces 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 that is updated quarterly, research studies on MDIs, and other helpful resources.



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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 meetings, and contact information for national and regional MDI coordinators and staff.

2021 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 (LMI) communities. MDIs are anchor institutions in their communities and play a key role in building a more inclusive financial system.

In 2021, significant new sources of private and public funding became available to support FDIC-insured MDIs and CDFIs, collectively known as "mission-driven banks." This includes up to \$9 billion in funding from Treasury through the Emergency Capital Investment Program, as well as \$3 billion in new grant funding for CDFIs, including up to \$1.2 billion set aside for minority lending institutions. The FDIC initiated additional capital support for MDIs and CDFIs through the call for a Mission-Driven Bank Fund funded and operated by the private sector.

During 2021, the FDIC pursued several strategies to support MDIs. These included increasing engagement and representation, facilitating partnerships to provide new capital and other tools and resources, 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) held three virtual meetings in 2021. The subcommittee is comprised of nine MDI executives representing all types of MDIs and provides a venue for minority bankers to discuss key issues, share feedback on program initiatives, and showcase MDI best practices.

In addition, representatives from three MDIs serve on the 18-member CBAC to further bring MDI perspectives and issues to the table. During 2021, the FDIC also engaged in deeper relationships with mission-driven bank trade groups to facilitate effective implementation of some of the new resources becoming available to mission-driven banks.

Partnerships

In September 2021, the FDIC announced the [Mission-Driven Bank Fund](#), a collaborative investment framework to drive capital investment and other funding to FDIC-insured MDIs and CDFIs that support LMI, minority, and rural communities.

