



November 19, 2020

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Regarding: Proposed Revisions to Statement of Policy Regarding Minority Depository Institutions; RIN 3064-ZA19

Dear Mr. Feldman:

The Community Bankers Association of Illinois, (“CBAI”) which proudly represents 300 Illinois community banks, appreciates the opportunity to provide our observations and recommendations on the Federal Deposit Insurance Corporation (“FDIC” or “Agency”) proposed revisions to statement of policy (“Statement of Policy”) regarding minority depository institutions (“MDI(s)”) (“Proposal). CBAI appreciates that the FDIC “has long recognized the unique role and importance of minority depository institutions and has historically taken steps to preserve and encourage minority-owned and minority-led financial institutions.” CBAI looks forward to a

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“revised Statement of Policy [that] updates, strengthens, and clarifies the agency’s policies and procedures related to minority depository institutions.”

CBAI appreciates that the FDIC is being proactive in seeking to revise its MDI Policy Statement and how the many outreaches, research studies, and conferences have informed this Proposal and will further the Agency’s effort to strengthen and support MDIs. This effort is particularly important given the continuing decline in the number of community banks in general and MDIs in particular, and the dearth of newly chartered (or de novo) banks since the last financial crisis. In addition to maintaining existing charters, a healthy and sustainable community banking sector must include the formation of newly-chartered banks which are predicated upon the FDIC approving applications for deposit insurance. CBAI urges to FDIC to foster a positive regulatory environment for all of the institutions for which it is responsible to regulate, and encourages the chartering of many new community banks, including MDIs.

Responses to Questions

Question 1. The FDIC requests comments on other methods to identify and provide engagement opportunities that would be beneficial to MDIs.

Answer CBAI supports the additional methods the FDIC has identified to provide engagement opportunities including: the Chairman’s office, the National Director for Minority and Community Development Banking, and the newly established MDI Subcommittee.

Although it was alluded to in the Proposal, CBAI recommends that the Agency clearly state that their outreach will include all national and state banking industry trade associations to explore options for promoting and preserving MDIs as well as to solicit information about groups that may be interested in establishing new MDIs.

Question 2. The FDIC invites comments on the definitions assigned to technical assistance, training, and education outreach.

Answer CBAI believes the FDIC has correctly defined technical assistance, training, and education outreach in the Statement of Policy. CBAI urges the Agency to interpret as broadly as

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possible the specific instances within each category which will likely benefit MDIs. The reaction by MDIs to these broadly interpreted definitions will serve as a guide to the Agency as to which are the most beneficial.

Question 3. The FDIC invites the public to comment on the types of information that would be helpful and beneficial to include in annual reports or the MDI program website regarding the MDI Program.

Answer CBAI supports the FDIC reporting the information that gives interested parties a complete and accurate description about the FDIC's performance in following the proposed Statement of Policy.

In the FDIC's annual report and/or elsewhere, particular attention should be paid to highlighting the Agency's efforts in establishing newly-chartered MDIs, featuring success stories with growing MDIs, how the Agency has assisted struggling MDIs, and in the event of a failure – how the minority focus of the failed MDI has been retained by the acquiring institution.

Also, in an effort to encourage MDIs to take full advantage of technical assistance, training, and education outreach opportunities, the FDIC should highlight the most creative instances where MDIs have benefited the most, which should encourage other MDIs to more fully use these available resources.

Question 4. The FDIC invites the public to comment on other methods to identify and provide technical assistance, outreach, and training education and resources that would be beneficial to MDIs.

Answer CBAI believes the FDIC's proposed new requirements to measure the effectiveness of the MDI programs are sufficient to accomplish this objective. Here again, and although it was alluded to in the Proposal, CBAI recommends that the Agency make clear that it will include outreach to all national and state banking industry trade associations, in this case to explore options to identify and provide technical assistance, outreach, and training education and resources that would be beneficial to MDIs.

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Question 5. The FDIC invites comment on whether this approach to incorporate specific considerations when examining MDIs is clear and understandable.

Answer CBAI believes the FDIC's new approach for incorporating specific considerations when examining MDIs is clear and understandable. CBAI supports the primacy of the UFIRS and CAMELS rating to ensure the safety and soundness of all banks including MDIs and how the Agency further incorporates the UICCR into the examination regime to tailor the examination to MDIs.

Question 6. The agencies request comment on its conclusion that this aspect of the proposed Statement of Policy Regarding Minority Depository Institutions does not create any new or revised any existing information collections.

Answer CBAI believes the proposed Statement of Policy does not create any new or revise any existing information collections.

Definition

In the proposed Statement of Policy regarding FIREA's definition of a "minority depository institution," the requirements to be considered a minority and the percentage of ownership requirement are clear. What is less clear is where institutions are considered MDIs if a majority of the Board of Directors is minority and the community that the institution serves is "predominantly minority." In the interest of clarity and transparency, CBAI recommends the Agency define the term "predominantly minority" in the context of a community the institution serves.

Technical Assistance

The Proposal highlights that, "Technical assistance is not a supervisory activity and is not intended to present additional regulatory burden." Also, "that examination teams will not view requests for, or acceptance of, technical assistance negatively when evaluating institution performance or assigning ratings." While CBAI agrees with the Agency's position on this

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matter, it was not raised as a barrier by our member MDIs to seek assistance. If, however, the acceptance of technical assistance is perceived by some as a barrier, then it is necessary that this barrier be removed by highlighting this clarification.

CBAI appreciates the opportunity to provide our observations and recommendations about this Proposal. Please contact me with any questions you may have at 847/909-8341 or davids@cba.com.

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations