



November 24, 2020

*Via electronic submission*

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429

**Re: Proposed Revisions to FDIC Statement of Policy Regarding Minority Depository Institutions [RIN 3064-ZA19]**

To Whom It May Concern:

Discover Bank (“Discover”) appreciates the opportunity to comment on the proposed revisions to the Federal Deposit Insurance Corporation (“FDIC”) Statement of Policy Regarding Minority Depository Institutions (“Proposed Policy”). We support the FDIC’s efforts to fulfill its statutory goals with respect to minority depository institutions (“MDIs”) and welcome the enhancements reflected in the Proposed Policy. The Proposed Policy provides clarity and detail that will foster an environment of prosperity for MDIs and better inform various stakeholders as to the regulatory approach to support and assist MDIs. The Proposed Policy is a complement to FDIC FIL-64-2017 (“Collaborative Relationships with Minority Depository Institutions”), and together these two guidance documents set forth a useful and important framework for elevating MDIs and the customers they serve.

**I. Discover supports the Proposed Policy’s goals and welcomes the opportunity to support MDIs.**

We believe that consumer banks, like Discover, can play a helpful role in supporting the FDIC’s MDI goals by offering assistance and resources to MDIs in the most critical areas. Discover is one of the leading direct banks in the United States, and we place a high priority on community development and community engagement. Whether through our Community Reinvestment Act activities or our corporate giving, we strive to meet the needs of underserved communities and provide needed support. Additionally, Discover recognizes that collaborative relationships between MDIs and non-MDIs can benefit not just the institutions involved, but more importantly, the people and places that they serve.

As part of our commitment to assisting MDIs we are developing new ideas and initiatives that further our contributions to their mission and success. For example, Discover has been successful in helping to launch a savings product through a low-income minority managed credit union in Delaware and is seeking ways to assist other MDIs in a similar manner. MDI's are historically significant and important community assets that must be preserved, which is why we aspire to lend our expertise and resources to further this mission. Through this letter, Discover expresses support for the FDIC's Proposed Policy and offers feedback to improve any final rule. Discover recognizes that MDIs themselves will have more valuable feedback on these items than we can provide, however we wanted to take this opportunity to show support for MDIs and the FDIC's efforts to promote these important institutions.

## **II. The Proposed Policy appropriately highlights the MDI Subcommittee and the FDIC's commitment to MDI engagement.**

The FDIC has taken proactive steps to highlight the work of MDIs and provided a platform for collaboration among institutions by establishing the MDI Subcommittee of its Advisory Committee on Community Banking in 2019. The Subcommittee could develop a valuable forum for Discover and other banks to engage with MDIs, learn more about them and the communities they serve, and identify potential opportunities to support their efforts. Without such a forum, it would be harder to form relationships with the MDI bankers and gain insights into how we might be able to assist these institutions. Discover supports not only the establishment and efforts of the MDI Subcommittee, but also the express inclusion of the Subcommittee and its responsibilities in the Proposed Policy. By memorializing and formalizing the role of the MDI Subcommittee, the FDIC highlights the importance of the Subcommittee's work and better ensures its continued role in elevating MDIs. We support the Proposed Policy's robust discussion of the FDIC's engagement with MDIs, and we applaud the agency for its clear articulation of its commitments and plans in this space.

## **III. Defining certain key terms reduces ambiguity and clarifies expectations.**

Discover supports the addition of definitions for "technical assistance", "outreach", and "training and education programs" in the Proposed Policy, however we offer improvements to the latter two definitions. Defining these terms reduces ambiguity as to the form and function of support available to MDIs from the FDIC and clarifies expectations for interactions between the agency and institutions.

In defining and discussing "technical assistance", the Proposed Policy clarifies that the provision of such assistance by the FDIC does not constitute supervisory activity. The express statement reduces the likelihood that the availability of technical assistance might have a chilling effect and may result in a greater number of MDIs requesting and receiving technical support. The discussion of "outreach", however, does not include similar language. In finalizing the Proposed Policy, we recommend that the FDIC consider whether MDIs might benefit from a clearly stated supervisory impact from participating in outreach. For example, the FDIC could include language to clarify that MDI officers can speak freely at outreach events, without

concerns or risks that questions or statements might impact a future examination or otherwise become part of their institution's supervisory record.

With regard to the Proposed Policy's language on "training and education programs", Discover applauds the FDIC's express commitment to partner with other federal banking agencies and trade associations to offer training programs. In finalizing the Proposed Policy, we recommend assessing whether expanding this commitment to include collaboration with state banking agencies might enhance program content, delivery, and reach. In light of the geographic footprints of most MDIs, state regulators may be uniquely positioned to assist the FDIC in tailoring training and education programs. Another potential area for expansion of the FDIC's commitment to training and education programs is in the methods of program delivery. The Proposed Policy notes that training and education can be provided in person, through webinars or conference calls, or in conference settings. If possible, we also encourage the FDIC to consider facilitating training and education through written materials, such as manuals or whitepapers.

#### **IV. Measuring effectiveness could be enhanced by setting clear intentions and expectations for the use of feedback.**

Discover welcomes and supports the Proposed Policy's introduction of new requirements to measure the effectiveness of the FDIC's MDI program. However, MDIs and non-MDIs alike may benefit from an explanation from the FDIC regarding the intended use of the results from periodic surveys and discussions with bank management referenced in the Proposed Policy. Specifically, we ask the FDIC to clarify whether such information will be shared with the MDI Subcommittee and, ultimately, the FDIC's Board of Directors and the general public. We welcome transparency and ask the results be shared with the public to ensure the communities with the greatest need receive the most investment and assistance from non-MDIs. By granting non-MDIs access to insights on the effectiveness of the MDI program, the FDIC would provide an opportunity for non-MDIs to better assess and design programs around the areas that present the greatest need for collaborative relationships.

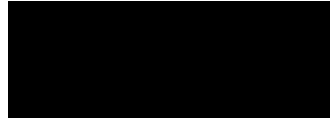
#### **V. Insight into the application of examination rating systems improves the Proposed Policy.**

Discover supports the addition of language in the Proposed Policy that describes the FDIC's application of rating systems specifically with respect to the examination of an MDI. The language is clear and understandable and should be retained in the final version. By including a discussion on examinations, the Proposed Policy would present a more complete picture of the FDIC's supervisory approach to MDIs and their activities.

## VI. Conclusion

Discover welcomes the Proposed Policy as it clarifies and enhances the FDIC's existing guidance on its MDI program and advances the FDIC's efforts to fulfill its statutory goals. We appreciate the opportunity to comment and would welcome a future discussion with the FDIC regarding our feedback and the MDI program in general. If you have any questions or would like to discuss our comments, please contact me at [JamesRoszkowski@discover.com](mailto:JamesRoszkowski@discover.com).

Sincerely,



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