

CFPB Report on Diversity and Inclusion within Financial Services

CFPB Office of Minority and Women Inclusion

Table of Contents

Table of Contents	1
Message from the OMWI Director	2
Introduction	1
Research & Analysis Process	2
Collection of Publicly Available Data.....	2
Rating Process.....	3
Rating Breakdown	5
Organizational Commitment.....	5
Workforce Profile and Employment Practice.....	6
Supplier Diversity.....	7
Transparency of Organizational Diversity.....	8
Results	10
Best Practices Recommendations	10
Smaller Organizations.....	11
Mid-size Organizations.....	12
Large Organizations.....	13
Conclusion	16
Appendix A: Rating Criteria	17

Message from the OMWI Director



As the Office of Minority and Women Inclusion (OMWI) Director at CFPB, my focus is on executing the programs of OMWI as prescribed in section 342 of the Dodd Frank Act. A particular focus is the mandate that requires us to develop standards for assessing diversity and inclusion (D&I) at the entities regulated by the Bureau. As part of that effort, I am pleased to share this report which outlines the Bureau's analysis of publicly available diversity and inclusion information collected from the websites and annual reports of financial services entities. The report also includes guidance and suggestions for small, midsize, and large organizations on ways to demonstrate their commitment to D&I, taking their size and resources into consideration. The intent is to provide financial services entities with useful information to help them understand how they are doing in demonstrating their commitment to D&I and what they can do to further incorporate diversity, equity and inclusion into their organizations to leverage a competitive advantage.

In addition to our statutory focus on diversity and inclusion as per Dodd Frank, the Bureau has developed a racial and economic equity (REE) framework which aligns with President Biden's Executive Order on Advancing Racial Equity and Support for Underserved Communities. Applying a REE lens to the financial services industry will further the Bureau's efforts to foster a fair and equitable market that best serves all consumers.

Engaging in a D&I self-assessment affords organizations the ability to measure their progress over time and to identify areas of opportunity to advance diversity, equity, and inclusion. I encourage all entities to engage in the self-assessment process, as we have done at CFPB, and to share their assessment with the Bureau to contribute to a comprehensive picture of D&I within financial services. As we learn more about the various industry groups in financial services, the Bureau will continue to share information, tools, and guides to collectively advance diversity and inclusion.

Sincerely,

Lora McCray

Introduction

In FY 2020, the Consumer Financial Protection Bureau (CFPB) analyzed publicly available diversity and inclusion information of financial institutions by industry segments. The CFPB's financial industry analysis was designed to support the diversity and inclusion self-assessment process established by the FIRREA (Financial Institutions Reform, Recovery, and Enforcement Act) agencies to comply with Section 342 of the Dodd Frank Act. The analysis examines data to determine how financial institutions are demonstrating a commitment to diversity and inclusion through public channels. OMWI analyzed the financial services' industry commitment to diversity and inclusion by assessing publicly available information of entities regulated by the CFPB.

Given the diversity of the industry, this data will also allow the CFPB to set reasonable standards for the kinds of diversity and inclusion programming that can be expected of large, mid-size, and small institutions. The CFPB will use the data collected to provide examples of diversity and inclusion best practices, resources, and peer success stories to financial institutions and work with trade groups to encourage their members to adopt diversity and inclusion best practices. This report is the first step in the process.

Research & Analysis Process

Collection of Publicly Available Data

This industry research and analysis process involved collecting data on industry-wide diversity and inclusion efforts using publicly available sources including company websites and annual reports. The 2019 industry sample¹ included 270 entities regulated by the CFPB. The Bureau aggregated the information to identify trends within industry groups in order to determine how well entities were demonstrating their diversity and inclusion efforts.

OMWI analyzed the data based on several factors including the size of the organization and the industry grouping. The analysis revealed that most small organizations (under 1,000 employees) do not have robust diversity and inclusion programs. Many large organizations have invested in infrastructure and resources dedicated to diversity and inclusion programming. There were outliers within the small, midsize, and large entity groupings with some small institutions showing impressive diversity and inclusion policies and programming, and other large institutions with little to no publicly identified commitment.

To expand on the initial industry project, the CFPB began reviewing the publicly available diversity and inclusion information from the websites and annual reports of members of specific trade associations. The goal was to share the information with the trade associations and offer opportunities to work together to encourage their members to increase diversity and inclusion programming and to share success stories. OMWI was able to provide a portrait of what trade association members were doing in terms of publicizing their diversity and inclusion programming. The leaders of these trade groups were appreciative of the data shared and the opportunity to partner with the Bureau to advance diversity and inclusion.

¹ This report includes data collected and analyzed in 2019.

Rating Process

The data collected was organized into 20 criteria which are listed in Appendix A. These criteria include indicators for specific actions in the following areas:

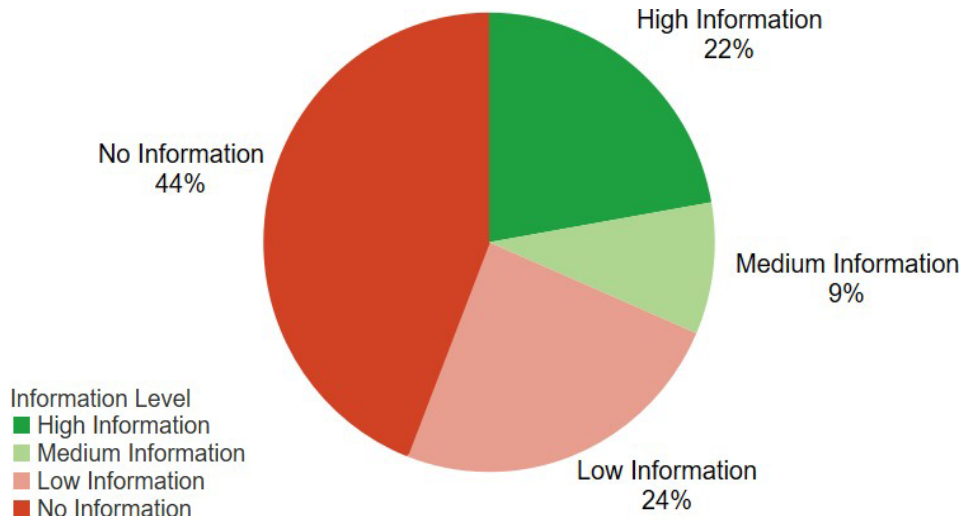
- The presence of clear statements that affirm a commitment to diversity and inclusion on a company’s website, careers page, or from senior leadership;
- The workforce diversity metrics an entity publishes;
- Public information regarding internal practices like recruitment strategies,
- Diversity and inclusion trainings, or employee resource groups; and
- Supplier diversity programs.

The Bureau also rated the entities based on the level of information being shared publicly.

Entities were rated

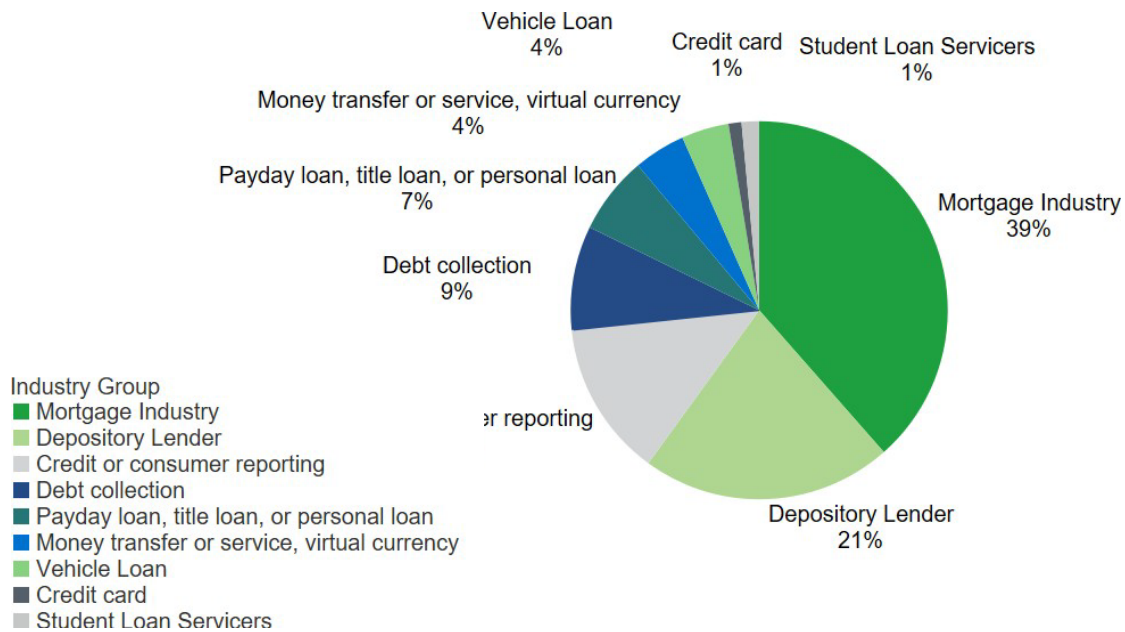
- “High Information” if more than six of the 20 criteria items were published;
- “Medium Information” if four to six criteria items were published; and
- “Low Information” if one to three criteria items were published.

FIGURE 1: INFORMATION LEVEL BREAKDOWN— 2019 ASSESSMENT PERIOD



The sample was comprised of 270 regulated entities, including both depository and non-depository institutions. These include the largest bank lenders, as well as mortgage originators and servicers, credit reporting companies, debt collection companies, small-dollar lenders, and other financial service providers. The following chart outlines the industry breakdown of the surveyed institutions.

FIGURE 2: INDUSTRY BREAKDOWN — 2019 ASSESSMENT PERIOD



Rating Breakdown

The CFPB’s industry analysis was designed to support the implementation of the Section 342 mandate of assessing the diversity and inclusion policies and practices of entities regulated by the CFPB. The analysis looks beyond the self-assessment data to determine how financial institutions demonstrate a commitment to diversity and inclusion through public channels. The collected information focuses on four areas:

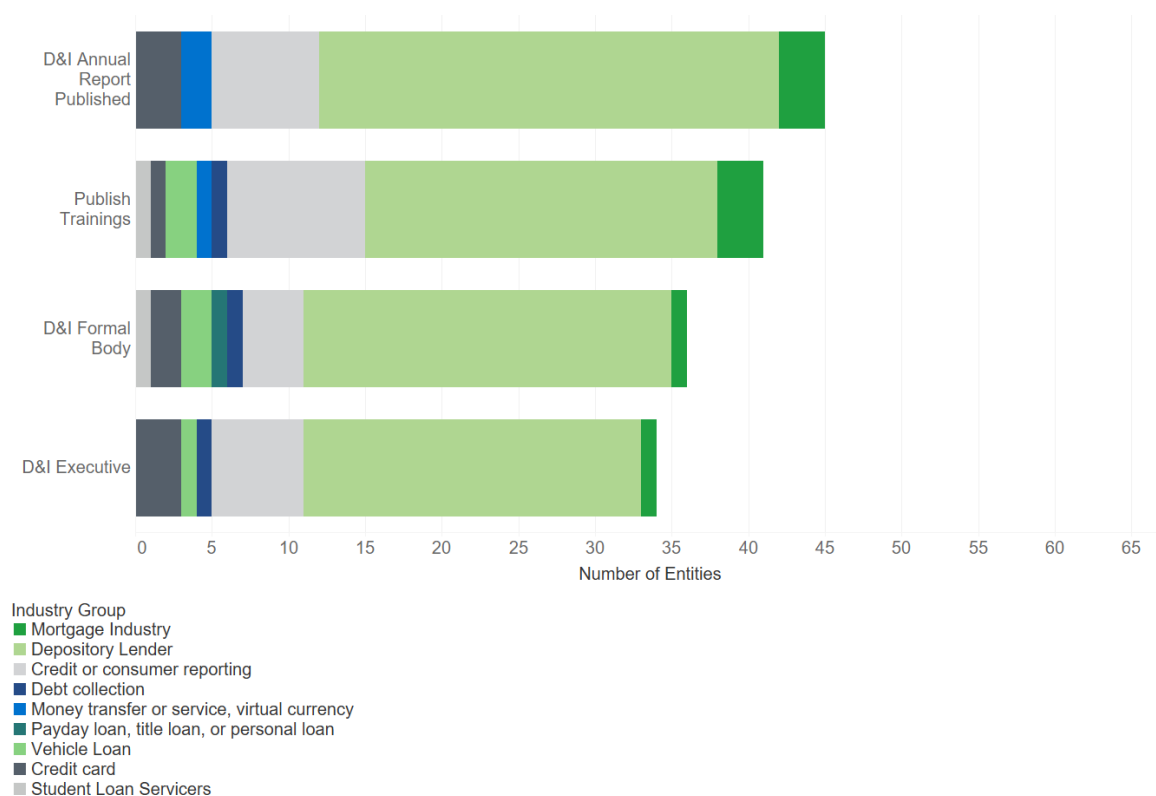
- Organizational Commitment to Diversity and Inclusion
- Workforce Profile and Employment Practice
- Supplier Diversity
- Practices to Promote Transparency of Organizational Diversity and Inclusion

Organizational Commitment

In review of Organizational Commitment to diversity and inclusion, the most common practice was the publication of an annual diversity and inclusion report: Seventeen percent (17%) of sampled institutions publicized their report on their public websites; Fifteen percent (15%) of entities published details of trainings given to employees, which may include cultural competency training, unconscious bias training, or other diversity and inclusion related trainings and discussions. Some entities indicated the presence of a formal committee focused on furthering diversity and inclusion; less than 13% of the sampled entities had a formal body.

Few organizations outside of depository lenders had either a dedicated diversity and inclusion executive or a formal body directing diversity and inclusion efforts—instead, most chose to center their diversity and inclusion efforts within the human resources office, or to not publicize information on the employees responsible for diversity and inclusion within their organization.

FIGURE 3: ORGANIZATIONAL COMMITMENT TO DIVERSITY AND INCLUSION— 2019 ASSESSMENT PERIOD*



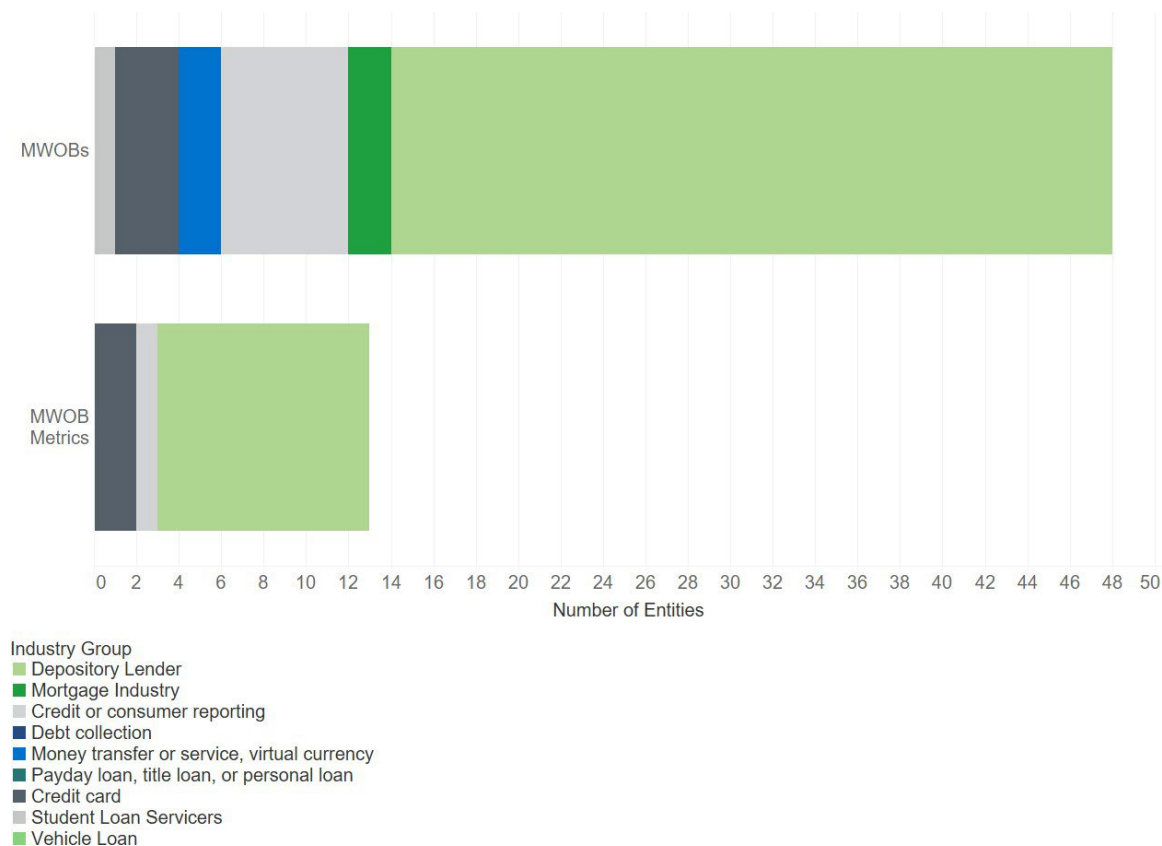
Workforce Profile and Employment Practice

Entities shared information related to Workforce Profile and Employment Practice—23% of entities sampled included information on Employee Resource Groups on their public websites and documents. Twenty-one percent (21%) of sampled entities publicized workforce demographic metrics or individual profiles of their management teams. Comparatively fewer entities broke down workforce demographic metrics to the board level or new hire level. Approximately 22% included information on recruitment practices and goals, this included information about recruiting at Historically Black Colleges and Universities and Hispanic-Servicing Institutions or schools with large Asian populations, as well as community partnerships to increase the number of diverse candidates recruited for employment. While this does not necessarily indicate these companies aren't undertaking applicant tracking within their workforce, they are not publishing the data on public platforms.

Supplier Diversity

Depository lenders had the strongest showing for the third area Supplier Diversity, while other institutions had less publicized information about their efforts to increase the diversity of their contracted services. While 59% of sampled depository lenders had Minority and Women Owned Business (MWOB) programs, comparatively fewer mortgage companies and other institutions published information related to an MWOB program. Only 13 companies sampled published metrics on MWOB-spend as a portion of total contracts. There is an opportunity to provide additional resources and information to entities regarding the importance of supplier diversity in relation to an organization’s overall diversity and inclusion strategy and programming. Supplier diversity programs can also contribute to an entity’s efficiency and innovation, reflect its customer base, promote growth and development, and support job creation and economic development.²

FIGURE 5: PROCUREMENT AND BUSINESS PRACTICES SUPPLIER DIVERSITY— 2019 ASSESSMENT PERIOD*



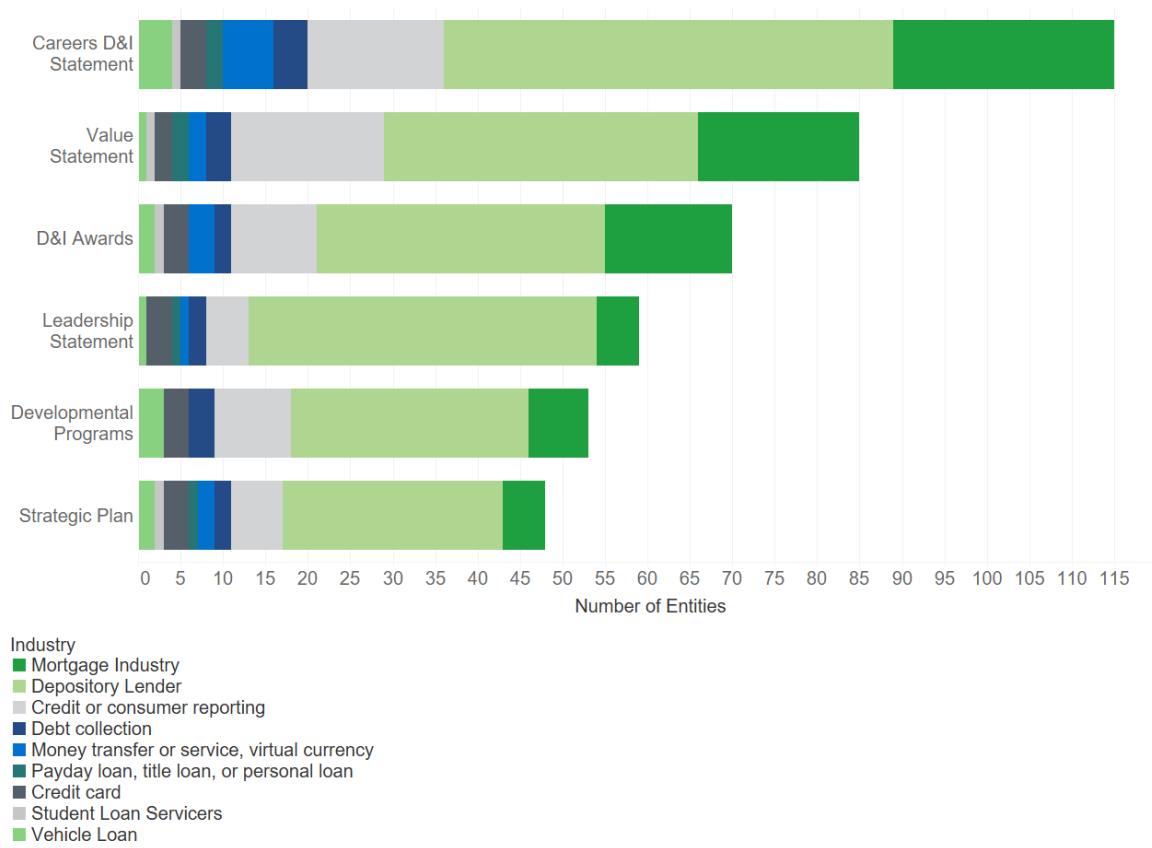
² [Agencies Issue Final Standards for Assessing Diversity Policies and Practices of Regulated Entities | Consumer Financial Protection Bureau \(consumerfinance.gov\)](https://www.consumerfinance.gov/about-us/newsroom/agencies-issue-final-standards-for-assessing-diversity-policies-and-practices-of-regulated-entities/)

Transparency of Organizational Diversity

Measures for area four, Practices to Promote Transparency of Organizational Diversity and Inclusion, had the highest percentage of entities with public information. Forty-three percent (43%) of sampled institutions had a diversity and inclusion statement on their careers page, which went beyond required Equal Employment Opportunity disclosures to emphasize a commitment to a diverse and inclusive workforce. Similarly, 31% of institutions sampled had a statement affirming a commitment to diversity and inclusion listed as a “core value,” and 22% of institutions had a statement directly authored by a senior leader (i.e., President, CEO) affirming commitment to diversity and inclusion. Twenty percent (20%) of entities published specific information about development and mentorship programs (outside of Employee Resource Groups), which may help attract more diverse talent. However, opportunities exist for companies publishing their diversity and inclusion strategic plans. Almost half of sampled depository lenders published this information, but few institutions publicized any strategic goals for improving workforce diversity and inclusion.

The CFPB uses public sampling data during outreach meetings with trade organizations and institutions to make the case for improving diversity and inclusion practices and policies, and to communicate the importance of the self-assessment process in creating an accurate picture of the state of diversity and inclusion within the financial services industry. The CFPB has presented this data and tailored recommendations for trade organizations to communicate to their members. For example, recommendations for smaller non-depository lenders focus first on establishing and stating public commitment to diversity and inclusion through careers statements and values statements, as a first step to other programmatic changes to company structures such as Employee Resource Groups and hiring diversity and inclusion executives.

FIGURE 6: PRACTICES TO PROMOTE TRANSPARENCY OF ORGANIZATION DIVERSITY AND INCLUSION— 2019 ASSESSMENT PERIOD*



**Data based on publicly available information.*

Results

Some of the results have been encouraging, while others point to opportunities to increase public visibility of diversity and inclusion in the financial services sector. The results of the sample showed an extremely mixed picture of progress in the financial services sector on public diversity and inclusion information: 44% of the sample (119 entities) had no public information about diversity and inclusion efforts on their website or in annual reports. In contrast, 22% of entities sampled (60) had high information availability on their websites or public documents.³ In general, larger entities had more publicly available information than smaller entities.

Overall, depository lenders had the highest amount of information availability. Debt collection companies; payday, title, personal loan companies; and vehicle loan companies had no, or low, public information availability. The mortgage industry, to which the CFPB has done extensive diversity and inclusion outreach, had mixed availability, with just under half of entities sampled having information available on their public websites or in public documents.

TABLE 7: SAMPLE BREAKDOWN BY INDUSTRY AND INFORMATION LEVEL— 2019 PUBLICLY AVAILABLE DATA

Industry	High	Medium	Low	No	Total
Mortgage Industry	6	4	35	59	104
Depository Lender	36	11	10	1	58
Consumer Reporting	8	4	8	16	36
Debt Collection	1	3	4	16	24
Payday Loan, Title Loan, or Personal Loan	0	1	3	14	18
Money Transfer or Service, Virtual Currency	2	2	2	6	12
Vehicle Loan	3	0	2	6	11
Credit Card	3	0	0	0	3
Student Loan Servicers	1	0	2	1	4

³ Defined “high information” as publishing >6 of the 20 criteria analyzed available; “medium information” entities published between 4 and 6 criteria, and “low information” published between 1 and 3 criteria.

Best Practices Recommendations

The goal of the research and analysis of public-facing diversity and inclusion programming, policies, and practices is to better understand what is being shared publicly about diversity and inclusion initiatives within industry groups and to inform industry about gaps and opportunities to improve their practices in D&I. As the CFPB analyzed the public sampling, there was an opportunity to provide recommendations to industry based on the data. [The Joint Standards for Assessing Diversity Policies and Practices of Entities Regulated by the Agency](#) provides a framework of best practices for robust diversity programming. Financial institutions can review the standards to help determine the programming that works best for their organization. Below is a list of recommendations to improve the diversity and inclusion information that is available to the public.

Smaller Organizations

For **smaller organizations**⁴ with little to no information about diversity and inclusion, the CFPB outlined the following minimal recommendations that do not require extensive resources:

Expanded Value Statement

For an organization that already has a value statement, there is an opportunity to modify the statement to indicate a company's commitment to diversity and inclusion – this ensures the organization's values are aligned to meet the needs of diverse consumers in America. These value statements were often found on the “About” page when searching a company online and is likely the first interaction for a prospective employee, consumer, or vendor.

Leadership Statement

Leadership statements can indicate that an organization is committed to diversity and inclusion internally and externally and sets the tone for candidates, employees, consumers and vendors that there is a leadership commitment to D+I practices. This can take the form of a public diversity statement endorsed or signed by company leadership: CEO, President, etc.

⁴ For the purpose of our analysis we defined smaller organizations as those with under a thousand employees. These size categories are based on our sample of entities, but in general these recommendations apply to entities with relatively limited resources.

Career Statements

Career statements represent an organization's commitment to equal opportunity and can be expanded to espouse a value of organizational diversity. Diverse perspectives when valued create opportunities for greater innovation and creativity. On a company's career recruitment page, there is an opportunity to emphasize that the organization values the recruitment and hiring of diverse employees. This statement goes **above and beyond** required EEO disclosures.

Supplier Diversity Statement

While it might be difficult for smaller companies to create a robust supplier diversity program, there is an opportunity to share with small businesses the organizational commitment to diversifying its suppliers of goods and services. This signals willingness to work with small, veteran-owned, minority-owned, women-owned or disability-owned businesses and provides an opening for them to solicit the organization for an opportunity to compete. A statement highlighting supplier diversity initiatives— direct solicitation or advertisement to third-party suppliers and vendors, and information directing businesses to a point of contact indicates commitment and is a fairly small lift that offers a huge return on investment for the organization.

Mid-size Organizations

For **mid-size organizations**⁵ we saw more publicly shared information demonstrating commitment to diversity and inclusion. We have identified opportunities for mid-size organizations that want to be competitively aligned to their peers:

Leadership Commitment

We identified opportunities to share more information about internal programming that demonstrates commitment to diversity and inclusion. Public facing websites are primary information sources for consumers, candidates and vendors to learn more about an organization's leadership and values. There is an opportunity for midsize institutions to share more information about their recruiting efforts, the diversity of their leadership, and any internal programming that creates avenues for discourse about diversity and inclusion such as diversity councils and committees, employee resource groups, etc. This demonstrates not only leadership commitment but also organizational commitment to diversity and inclusion.

⁵ For the purpose of our analysis we defined mid-size organizations as those with one to five thousand employees.

Recruitment Information

Sharing specific information about upcoming position openings, recruiting opportunities or upcoming job fair participation on an organization's website allows potential applicants to prepare and potentially attend in order to showcase their skills, abilities and interest in joining an organization. Recruiting at Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), majority Asian and women serving institutions, etc., as well as participating in events geared toward these communities creates opportunities to expand the diversity of the workforce beyond traditional recruiting methods.

Publish D&I Metrics

Many midsize organizations are focused on diversity and inclusion and increasing the diversity of their workforces. Everyone wants to work for an organization where someone that shares their attributes is in a leadership role because it allows them to see their future self. There are opportunities to increase awareness about the organization by publicly sharing demographic metrics about the workforce (in annual reports or on websites). At a minimum, mid-size organizations can share photos of their leadership and board members on their websites.

Workforce Development

Workforce development is important for organizational success and is a key factor for all candidates including people of color and women as they navigate their career path. Highlighting internal or external training and development opportunities, company paid licensing or certifications and tuition reimbursement programs serve as great recruiting tools for broad diversity. Publicizing this information on websites or in annual reports can help organizations attract a broad array of exceptional candidates.

Larger Organizations

In the CFPB analysis, larger organizations,⁶ particularly banks, publicly shared robust information about their diversity and inclusion programming. While we recognize that these organization likely have more resources, we were able to identify several innovative and targeted programs that further demonstrated a leadership and organizational commitment to diversity and inclusion. Despite the promising results, there were many large organizations with low information availability that can benefit from emulating the work of their peers, particularly

⁶For the purpose of our analysis we defined larger organizations as those with more than 5,000 employees. This size category was based on our sample of entities, but in general these recommendations apply to entities with significant resources.

since research shows that greater diversity translates to greater profitability. Following are recommendations for larger organizations to expand their efforts:

Designated D&I Leader

A designated leader focused on organizational diversity adds tremendous value for larger organizations since this leader can be focused on and held accountable for internal and external diversity and inclusion initiatives and can work across the organization to ensure that diversity and inclusion is appropriately prioritized. Based on the data, we recommend larger organizations invest resources in a chief diversity officer or equivalent to ensure the organization is holding itself accountable for their diversity and inclusion goals.

Publish Recruiting Events/Awards

While larger organizations have robust recruiting programs, we saw an opportunity to publicize more information about upcoming recruiting events, job fair participation, community partnerships, events at Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), majority Asian and Women serving institutions, and other events. Engaging in targeted advertising toward these communities and engaging in community partnerships with schools and other organizations further demonstrate organizational commitment to diversity and inclusion. There is also an opportunity to share information publicly about awards and other recognition for organizational diversity initiatives.

Expand Metrics

We were pleased to see that many of the larger entities do publish overall workforce metrics. There is an opportunity to expand on the data by breaking it out by categories or titles, i.e., Boards, Senior Leadership, VP, Management, Entry Level, internal promotions, as these breakouts can celebrate achievements, help to identify opportunities, and serve as a recruiting tool for great candidates.

Workforce Development

Highlighting company development programs (i.e., mentorship programs, leadership development programs, training opportunities and tuition reimbursement programs) serve as great recruiting tools for broad diversity. Publicizing on websites, in annual reports, or any programs aimed specifically toward people of color and women further demonstrate organizational commitment to diversity and inclusion and serves as a great recruiting tool for these groups.

Supplier Diversity Details

There is an opportunity for larger organizations to expand on data related to supplier diversity initiatives including spend percentage and total contract dollars directed towards Minority and Women-owned Businesses (MWOBs), and other similar groups. Small businesses fuel the U.S. economy and Latino businesses are some of the fastest growing group of small businesses in America. A forecast of upcoming contracting opportunities for MWOBs and other underserved populations was not found on most of the websites that we researched. Sharing a forecast is a fairly easy way to attract smaller contractors to your organization.

Conclusion

In addition to the information collected from these entities and diversity and inclusion self-assessments, the sampling of publicly available information helps to guide the CFPB's diversity and inclusion outreach efforts. The information obtained helps the CFPB tailor specific recommendations for improving diversity and inclusion practices in different sectors of the financial services industry. While the sample size for submitted self-assessment data is small, the Bureau found correlations between submitted assessment data and our research of entities' diversity and inclusion policies and practices. As expected, smaller institutions had fewer diversity and inclusion programs and policies, however as pointed out in the report there are opportunities for small institutions to increase their efforts without expending significant resources. Larger depository institutions consistently outperformed all other institutions in terms of overall diversity and inclusion efforts. There are opportunities for large non-banks, mid-size and small institutions to update their public websites to highlight their efforts on diversity and inclusion and to better demonstrate diversity and inclusion commitment.

The CFPB will continue its public-facing diversity and inclusion research and analysis in conjunction with the collection of entity self-assessments and track the progress of researched entities annually. This data creates an additional opportunity for organizations to examine their diversity and inclusion policies and to align their diversity programming to their peers.

Studies show that executing an organizational commitment to diversity and inclusion is crucial for institutions to remain competitive. Increasingly reports, such as the May 2020 McKinsey Report, *Diversity Wins: How Inclusion Matters*⁷, indicate that gender and ethnic diversity and inclusion in leadership in organizations can have an impact on a company's bottom line. Participating in the diversity and inclusion self-assessment process provides financial institutions with a way to assess and prioritize their diversity and inclusion programming and policies.

⁷ McKinsey Report. <https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Diversity%20and%20Inclusion/Diversity%20wins%20How%20inclusion%20matters/Diversity-wins-How-inclusion-matters-vF.pdf>

APPENDIX A: RATING CRITERIA GLOSSARY

D&I Annual Report: Indicator for whether the entity publishes a yearly diversity and inclusion report.

Leadership Statement: Indicator for whether there is a clear statement from the CEO, President, or other high-level leadership on the importance of D&I on the entity's website, annual report, or other public-facing material.

Value Statement: Indicator for whether D&I is explicitly incorporated into the entity's value structure.

Formal Body: Indicator for whether top-level leadership participate in/support a committee, council, working group, or other formal body dedicated to D&I.

D&I Executive: Indicator for whether top level leadership includes a diversity, inclusion director, chief, or other similar executive role.

Public Strategy: Indicator for whether the entity makes publicly available its D&I strategic plan

Awards: Indicator for whether the entity publishes information on firm-level, D&I-related awards and recognitions conferred in the last five years.

D&I Metrics: Indicator for whether entity publishes D&I metrics related to diversity within its workforce.

Board Metrics: Indicator for whether entity publishes D&I metrics related to diversity within its board.

Management Metrics: Indicator for whether entity publishes D&I metrics related to diversity within its management.

Total Workforce Metrics: Indicator for whether entity publishes D&I metrics related to diversity within its total workforce.

New Hire & Intern Metrics: Indicator for whether entity publishes D&I metrics related to diversity within its new hires and interns.

Publish Trainings: Indicator for whether the entity publicizes information on D&I-related workforce and leadership trainings, courses, workshops, or other education and awareness efforts.

Recruiting Strategy: Indicator for whether the entity takes proactive steps to promote a diverse pool of candidates, including women and minorities, in its recruiting, hiring, promotion, and retention efforts, as well as in its selection of board members, senior management, and other senior leadership positions.

Careers D&I Statement: Indicator for whether there is a clear D&I statement or section on the careers page beyond the equal opportunity employer designation.

ERGs: Indicator for whether the entity publishes information about D&I-affirming employee resource groups (ERGs), networking groups, or other support groups.

Developmental Programs: Indicator for whether the entity publishes information about professional developmental programs with an eye towards diversity.

MWOBs: Indicator for whether entity explicitly encourages contracting and purchasing through minority and women-owned business (MWOB) suppliers. Could take the form of a statement or policy.

MWOB Metrics: Indicator for whether entity publishes metrics on MWOB procurement.

MWOB List: Indicator for whether entity makes MWOB supplier list publicly available.