



October 12, 2021

The Honorable Sherrod Brown
Chairman
Senate Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Brown:

Since its founding in 1927, the National Bankers Association has served as a voice for Black and other minority-owned banks. Now, with membership that includes Hispanic-American, Asian-American, Native-American, and women-owned banks, our reach extends across the country. We believe strongly in advocating for not only our member banks, but also the communities they serve. Our members help low and moderate-income communities, and they are committed to providing economic revitalization to families in those neighborhoods. Many of our member institutions have become banks of last resort for consumers and businesses who are underserved by traditional banks and financial service providers.

Most of our member institutions are regulated by either the Federal Deposit Insurance Corporation or the Office of the Comptroller of the Currency. We are writing to provide our perspective regarding your impending consideration of nominations for important leadership posts within both agencies. Current federal statute requires these agencies to preserve and promote minority depository institutions by (i) preserving the number of MDIs, (ii) preserving the minority character of MDIs in case of merger or acquisition, (iii) providing technical assistance to prevent insolvency, (iv) promoting and encouraging creation of new MDIs, and (v) providing for training, technical assistance and educational programs. In the thirty years since the law was enacted, the agencies have done little to effectuate the critical purposes underlying the statute, as a result, minority communities have been significantly damaged on a nationwide basis.

The failure of these agencies to examine minority depository institutions' activities accurately or appropriately in accordance with the law has resulted in a dramatic decline in the number of minority-owned banks over the past decade. The NBA has consistently raised our concerns with prudential regulators that bank examiners do not come to our institutions with an understanding of the unique operating environments associated with the economically distressed communities our institutions disproportionately serve. All of our members are focused on achieving their missions while maintaining safe and sound institutions that protect the hard-earned resources of our customers. Our examination processes are often adversarial or punitive instead of

collaborative and encouraging. Leaders of the prudential regulators should emphasize the current law's mandate in the regulatory treatment of our banks.

As you consider nominees for these significant posts, we urge you to ensure that candidates possess the ability to focus on rectifying this situation by:

1. Taking historic steps to diversify the organizations federal bank examiner corps,
2. Introducing best practices across federal banking regulators regarding culturally competent training, and
3. Ensuring that examiners have a full appreciation of our institutions' unique operational challenges.

We also believe that it is critical that candidates have practical experiences - both professionally and personally - that will result in the full implementation of current law and subsequent benefits to minority communities across the country in terms of greater access to capital and mainstream financial services. We are confident your committee can identify candidates who combine tremendous professional credentials and background with lived experiences that will be instrumental in leading these important federal agencies.

Thank you for considering our position on these important appointments and we welcome the opportunity to engage with your committee on your overall plans to help the American economy rebuild in a more equitable, sustainable fashion.

Respectfully,



Nicole A. Elam
President and CEO
National Bankers Association