

2021

California Department of
Financial Protection and Innovation

Survey of Diversity in State Banking

PROTECTING CONSUMERS
FOSTERING TRUST & INNOVATION

DFPI 
DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION



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STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** · COMMISSIONER **Manuel P. Alvarez**

April 21, 2021

Dear State-Chartered Financial Institutions and Stakeholders:

I am pleased to present the Department of Financial Protection and Innovation's inaugural Report on the Survey of Diversity in State Banking. This report summarizes the findings of the first department-sponsored diversity survey issued to all 233 state-chartered banks and credit unions in October 2020. The report includes the aggregated, anonymized data voluntarily submitted by the 80 banks and credit unions that responded to the survey, reflecting a 34 percent response rate. The names of the financial institutions that participated in the survey are listed in the report.

The racial inequities exposed by the COVID-19 pandemic and social justice protests of the past year have rallied many financial institutions across the country to examine their hiring practices and internal systems. The Department, as the state financial services regulator, is uniquely positioned to assess market trends and support diversity, equity and inclusion goals within California's financial institutions. The Survey of Diversity in State Banking not only helps financial institutions evaluate their relative progress in implementing diversity initiatives it also better informs the Department of areas to focus licensee education.

To submit questions about the survey or find out more about the work the Department is doing to support diversity, equity and inclusion, please contact Miranda LeKander, Special Counsel on Diversity, Equity and Inclusion, at DEI@dfpi.ca.gov.

I appreciate the financial institutions that participated in the Department's first Survey of Diversity in State Banking and look forward to seeing more equitable banking outcomes for all Californians.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Manuel P. Alvarez', is written over a light blue horizontal line.

MANUEL P. ALVAREZ (he/him/his)
Commissioner of Financial Protection and Innovation

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Executive Summary

The Department of Financial Protection and Innovation (DFPI) licenses and regulates state-chartered banks and credit unions under the California Banking Law and the California Credit Union Law. In October 2020, the DFPI invited all state-chartered banks and credit unions to participate in a voluntary survey of diversity in banking (“Diversity Survey”). The purpose of the Diversity Survey was to conduct an assessment of diversity, equity, and inclusion policies and measures implemented by California banks and credit unions. To accomplish this objective, the DFPI sent an electronic survey form to all 233 state-chartered banks and credit unions. The survey form contained general questions about diversity, equity, and inclusion policies and practices at each financial institution. The Diversity Survey closed in early December 2020.

Key findings of the Diversity Survey include:

- Thirty-nine of the 112 state-chartered banks responded to the survey, for a participation rate of 34 percent. Forty-one of the 121 state-chartered credit unions responded to the survey, for a participation rate of 34 percent. The overall participation rate for state-licensed financial institutions was 34 percent.*
- Responding financial institutions reported collecting employee and board member data on the following: 60 percent collect ethnic/gender data; roughly 40 percent inquire about veteran/disability status; about 15 percent ask about “other” categories, including marital status and age; only 3 percent collect data on sexual orientation.
- Forty percent of survey respondents provided the DFPI with the requested data supporting the demographic information.
- Approximately half of responding financial institutions mandate diversity education or training for employees while only 23 percent require diversity training for board members.
- About 40 percent of financial institutions have board-approved diversity, equity, and inclusion goals, with purposeful recruiting being the most common.
- One-third of financial institutions track diversity, equity, and inclusion efforts, with reliance on self-assessment tools being the most common.
- Over 75 percent of survey respondents would like the DFPI to support diversity, equity, and inclusion efforts by providing education and training to licensees.

*The names of all financial institutions that responded to the Diversity Survey appear on page 9 of this report.

Corporate Board and Workforce Diversity

The Diversity Survey asked institutions to indicate the type of demographic data they collect for corporate board members and employees.

The identifying data collected most frequently by banks and credit unions was “sex/gender identity” and “race/ethnicity,” with approximately 60 percent reporting they ask about these categories.

Veteran status was the next most commonly collected category of data, with 41 percent of banks and 32 percent of credit unions collecting data in this area.

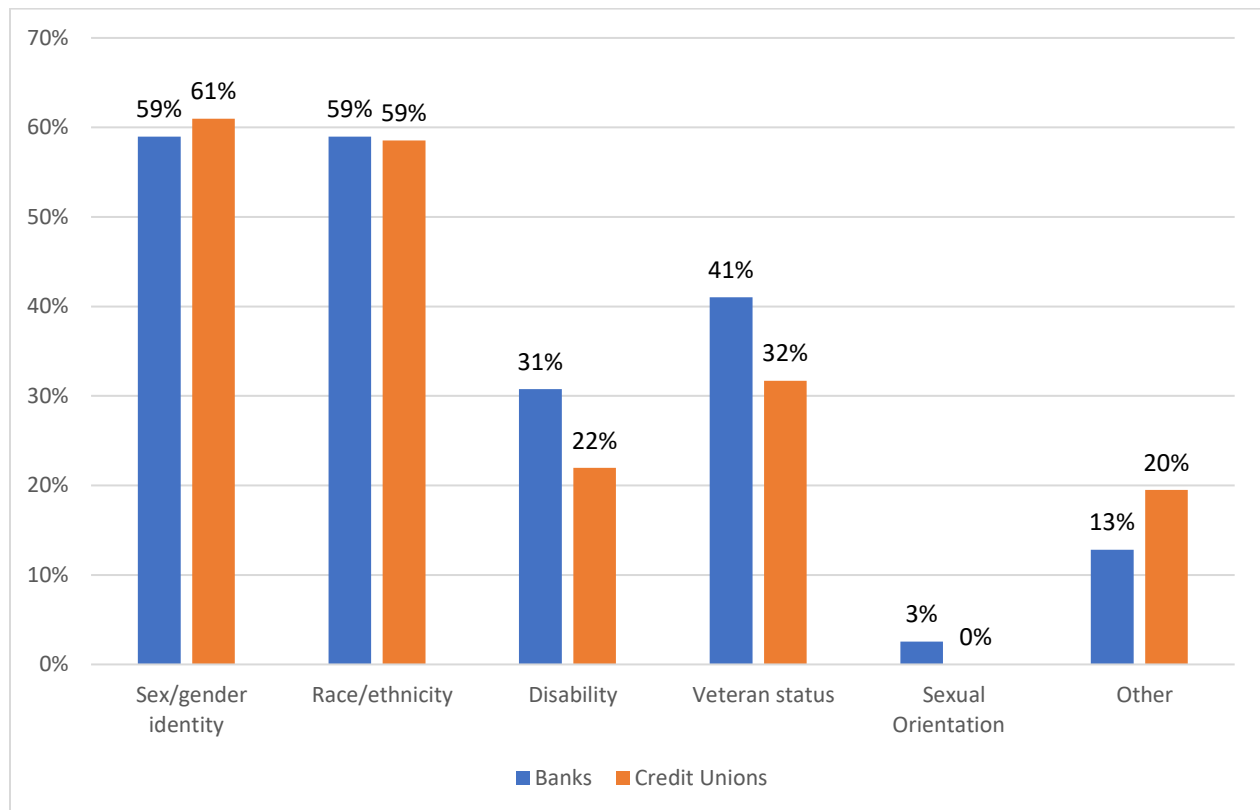
Disability status followed, with data collected by 31 percent of banks and 22 percent of credit unions.

Only three percent of banks reported collecting sexual orientation data. No credit unions collect sexual orientation data although one reported collecting this information if offered.

Twenty percent of credit unions and thirteen percent of banks collect data in the “Other” category, including marital status and age.

Forty percent of survey respondents – representing approximately 14 percent of licensees – submitted their “most recent collected data” to the DFPI.

Data Collected on Board and Workforce Diversity



Strategies for Increasing Diversity, Equity, and Inclusion

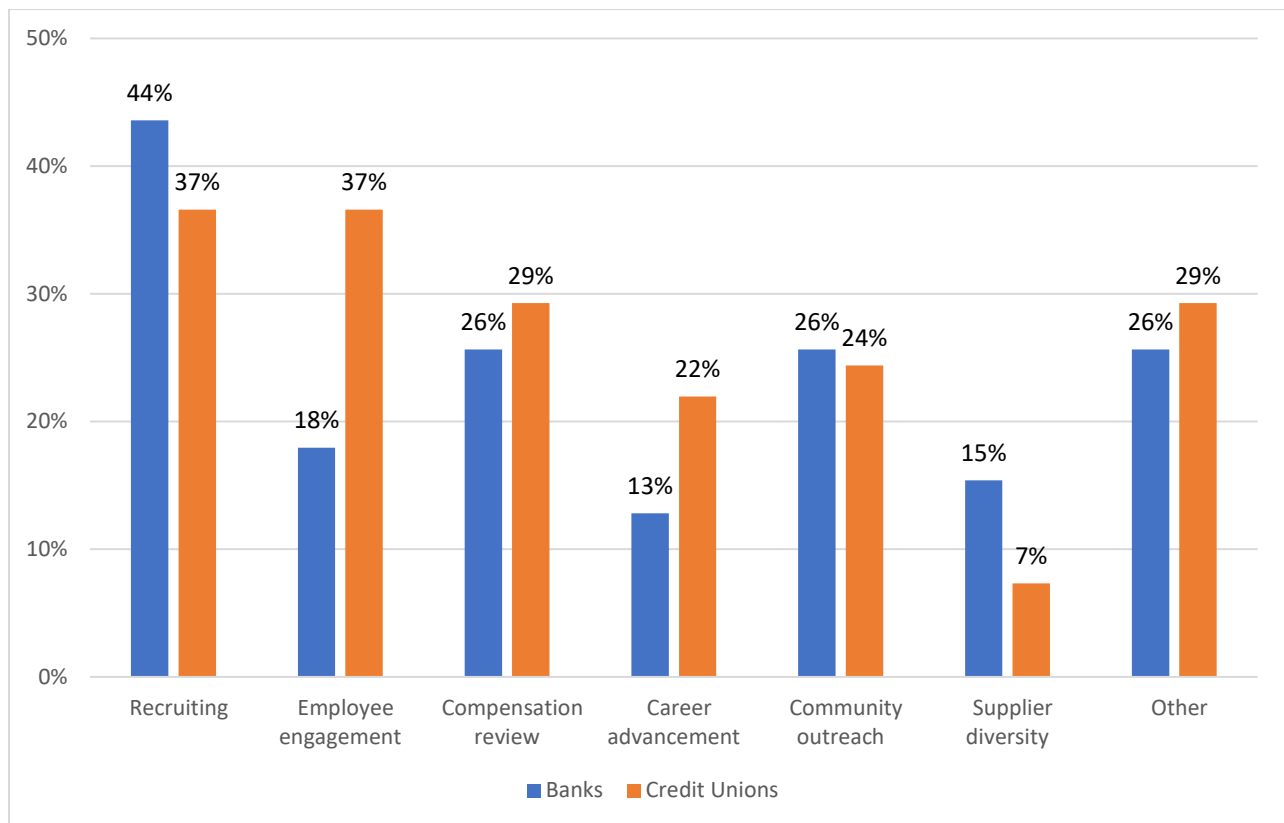
The Diversity Survey asked licensees to share their board-approved goals or strategies for increasing diversity, equity, and inclusion within their institutions.

Both banks and credit unions rely on recruiting as the top strategy for increasing diversity, with 44 and 37 percent implementation, respectively.

Banks reported utilizing compensation review, community outreach, and “other” strategies equally (about 26 percent each). Employee engagement, supplier diversity, and career advancement were used by about 15 to 18 percent of banks.

For credit unions, 29 percent reported using compensation review and “other” methods for increasing diversity. One-quarter of credit unions employ community outreach and career advancement strategies, and seven percent focus on supplier diversity.

Diversity Strategies



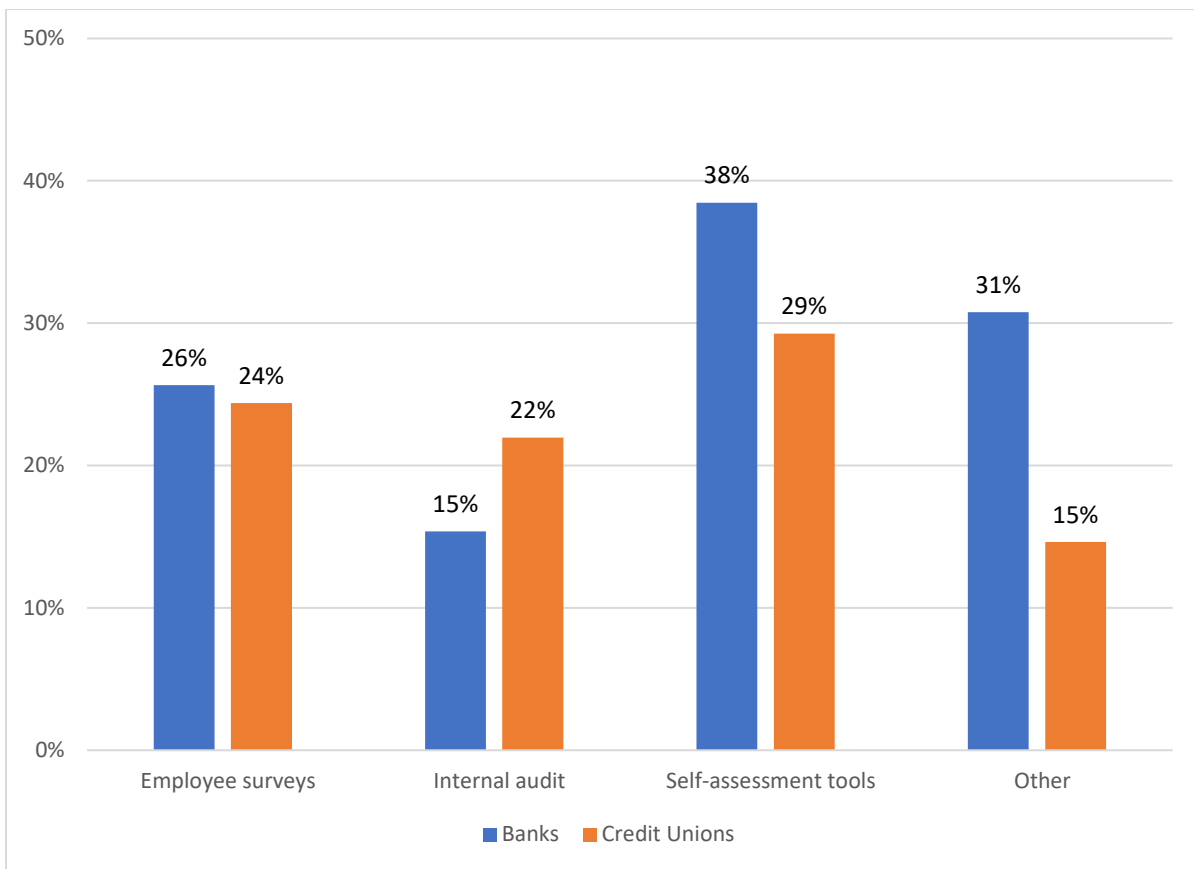
Tools Used to Analyze Diversity Data

The Diversity Survey asked financial institutions to identify the type of tools used to analyze diversity-related data.

Self-assessment tools were the principal analytics used by 38 percent of responding banks. About one-third of banks reported use of “other” methods such in-house solutions and third-party vendors. Employee surveys were used by 26 percent of banks. Internal audits were implemented by 15 percent of banks.

For credit unions, self-assessment tools were also the principal analytics employed, with 29 percent reporting use, followed by employee surveys at 24 percent. Twenty-two percent of credit unions conducted internal audits, while “other” methods (mostly reliance on EEO-1 report filings) accounted for 15 percent.

Tools Used to Analyze Diversity Data



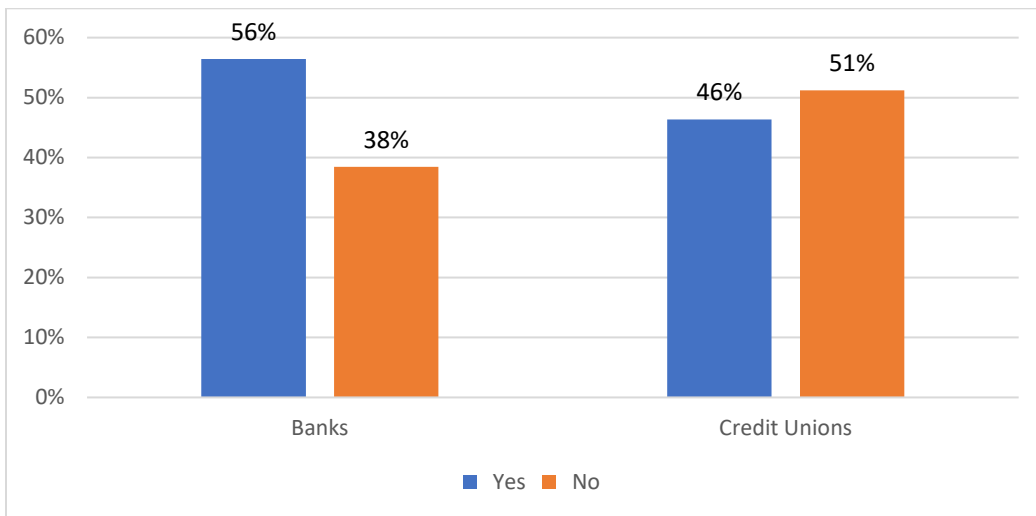
Diversity Training for Employees and Board Members

The Diversity Survey asked financial institutions whether diversity education or training was required for employees and board members.

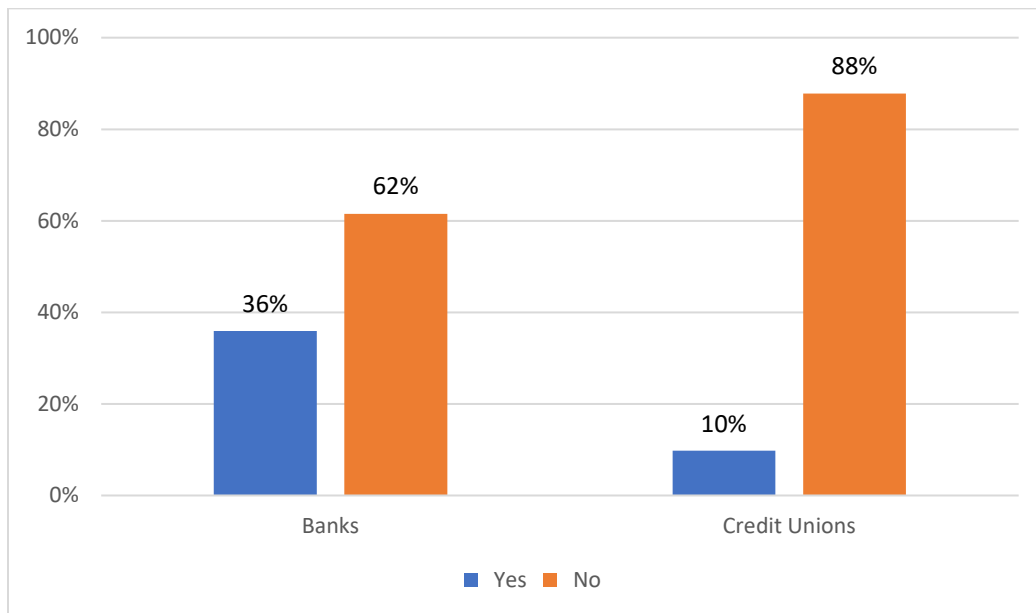
A majority of banks (56 percent) and nearly half of credit unions (46 percent) reported that they require diversity education or training for employees.

For corporate board members, the numbers are lower. Only 36 percent of banks require board members to participate in diversity training while 10 percent of credit unions do so.

Diversity Training Required for Employees



Diversity Training Required for Board Members

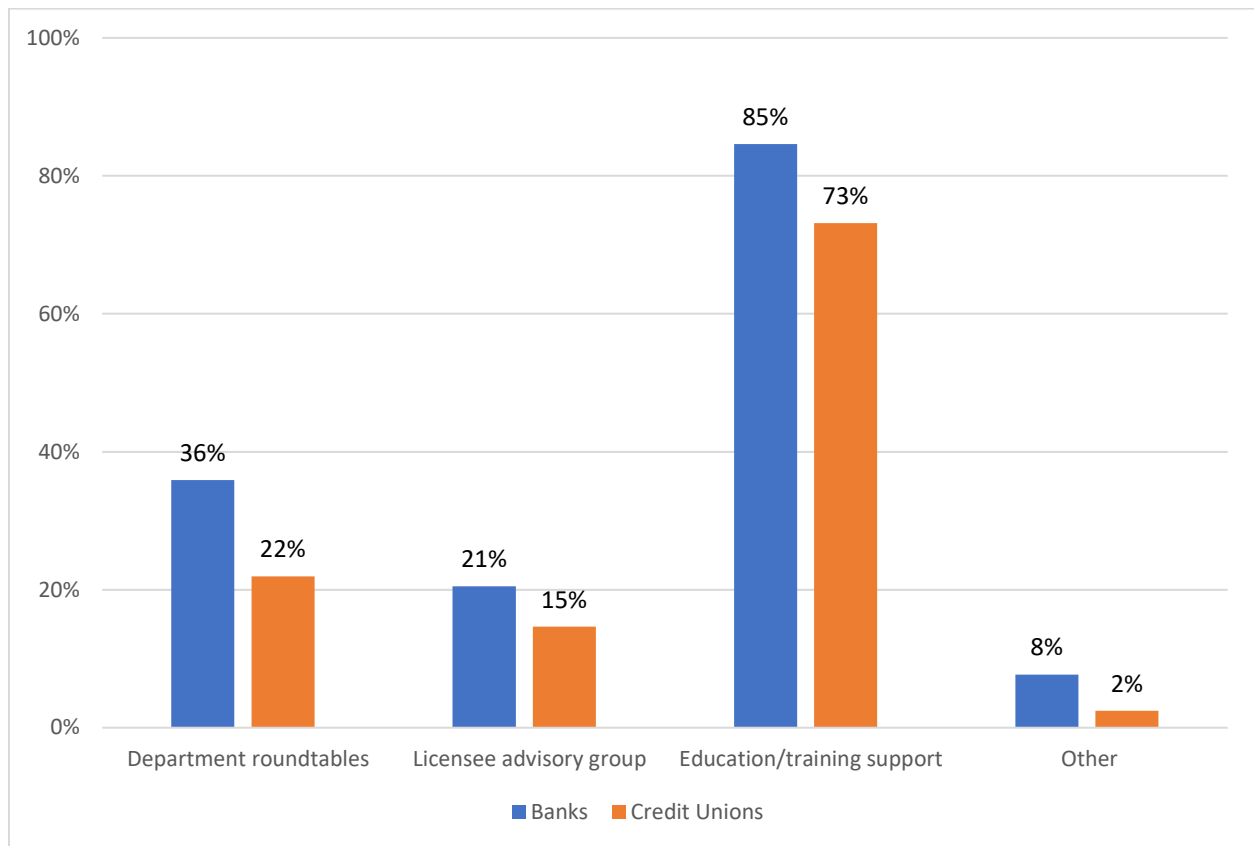


Regulator Support of Diversity, Equity, and Inclusion Efforts

The Diversity Survey asked licensees to identify the type of guidance they would most like to receive from the DFPI to support diversity, equity, and inclusion efforts.

Banks and credit unions overwhelmingly – 85 and 73 percent, respectively – identified education and training as the number one area where support was desired from the DFPI. Department-hosted roundtables were the second-most popular form of guidance requested followed by licensee advisory groups.

Type of Regulator Support Desired by Licensees



Department of Financial Protection and Innovation 2021 Diversity Survey Summary

	Banks	Credit Unions	All Respondents
Number of participating institutions	39/112	41/121	80/233
Participation rate	35%	34%	34%
1. Data collected on corporate board member and workforce diversity.			
Sex/gender identity	59%	61%	60%
Race/ethnicity	59%	59%	59%
Disability	31%	22%	26%
Veteran status	41%	32%	36%
Sexual Orientation	3%	0%	1%
Other	13%	20%	16%
2. Does your institution have board-approved goals or strategies for increasing diversity, equity and inclusion?			
Recruiting	44%	37%	40%
Employee engagement	18%	37%	28%
Compensation review	26%	29%	28%
Career advancement	13%	22%	18%
Community outreach	26%	24%	25%
Supplier diversity	15%	7%	11%
Other	26%	29%	28%
3. Does your institution use analytical tools to assess and measure diversity-related data?			
Employee surveys	26%	24%	25%
Internal audit	15%	22%	19%
Self-assessment tools	38%	29%	34%
Other	31%	15%	23%
4. Does your institution require diversity education/training for board members?			
Yes	36%	10%	23%
No	62%	88%	75%

5. Does your institution require diversity education/training for employees?

Yes	56%	46%	51%
No	38%	51%	45%

6. What guidance from the DFPI would be helpful to support licensees' diversity and inclusion efforts?

Department roundtables	36%	22%	29%
Licensee advisory group	21%	15%	18%
Education/training support	85%	73%	79%
Other	8%	2%	5%

Participating Financial Institutions

1st United Credit Union	El Monte Community Credit Union	Provident Credit Union
1st Valley Credit Union	EverTrust Bank	Redwood Capital Bank
Alta Vista Credit Union	Exchange Bank	River Valley Community Bank
American River Bankshares	Financial Partners Credit Union	Sacramento Credit Union
American Riviera Bank	First Entertainment Credit Union	SAFE Credit Union
Avidbank	First General Bank	San Fernando Valley Japanese Credit Union
Bank of Hemet	Fremont Bank	San Joaquin Power Employees Credit Union
Bank of Marin	Friendly Hills Bank	San Mateo Credit Union
Bank of Santa Clarita	GBC International Bank	Sierra Central Credit Union
Bank of the Sierra	Heritage Bank of Commerce	Silicon Valley Bank
Bank of the West	Home Bank of California	Silverado Credit Union
Barstow Community Credit Union	Huntington Beach Credit Union	Southland Credit Union
Beneficial State Bank	Liberty Bank	State Bank of India (CA)
California Agribusiness Credit Union	Merchants Bank of Commerce	Summit Bank
California Business Bank	MERCO Credit Union	Sunwest Bank
California Credit Union	Meriwest Credit Union	Travis Credit Union
California Lithuanian Credit Union	Monterey Credit Union	Tustin Community Bank
CalPrivate Bank	My Credit Union	United Security Bank
Cathay Bank	MyPoint Credit Union	UNCLE Credit Union
Central Valley Community Bank	Nikkei Credit Union	USC Credit Union
Citizens Business Bank	North Bay Credit Union	Valley Oak Credit Union
Coast Hills Credit Union	Open Bank	Ventura County Credit Union
Community Bank of the Bay	Organized Labor Credit Union	Wescom Credit Union
Credit Union of Southern California	Pacific Premier Bank	
Eagle Community Credit Union	Pacific Service Credit Union	
East West Bank	Patelco Credit Union	
Eastern Int'l Bank	Poppy Bank	
	Premier America Credit Union	
	PremierOne Credit Union	



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