



The Case for DEI

Angela Russell, VP DEI, CUNA Mutual Group
Samira Salem, Ph.D., Senior Policy Analyst, CUNA
Becca Durr, Director of Advocacy, CUNA
Sheila Milton, Director of Cultural Competency and Inclusion, UW Credit Union

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Presenters



Samira Salem, Ph.D.
Sr. Policy Analyst, CUNA



Angela Russell
VP Diversity, Equity, and Inclusion
CUNA Mutual Group



Sheila Milton
Director of Cultural Competency and Inclusion, UW Credit Union



Becca Durr
Director of Advocacy, CUNA



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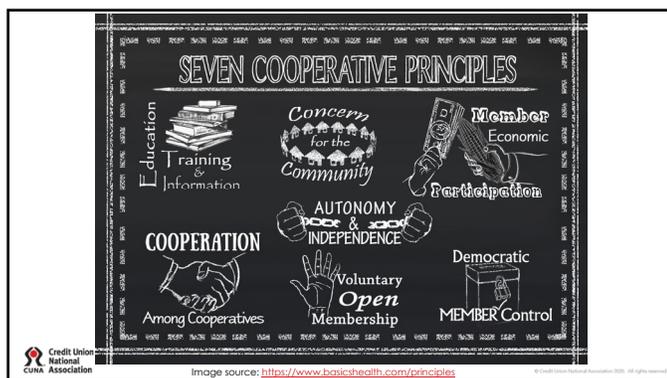
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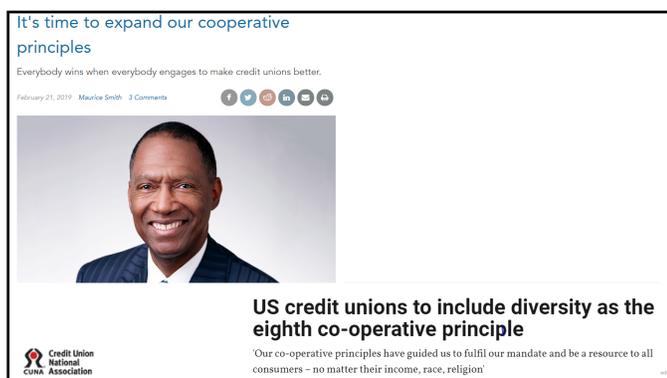

People Helping People

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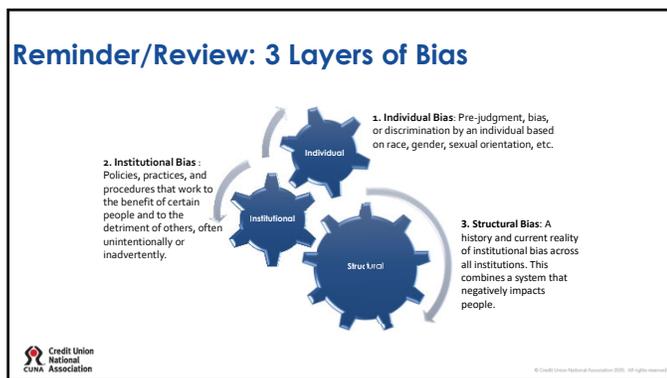
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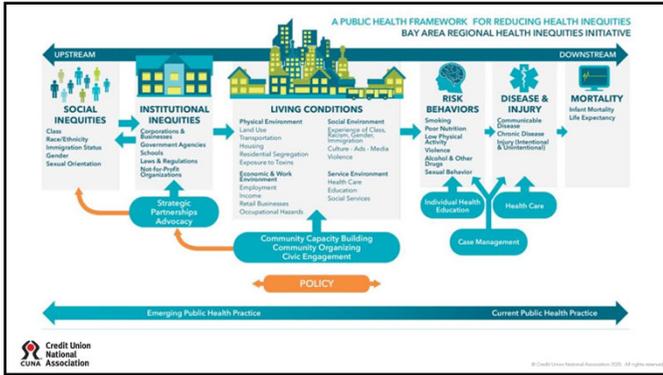
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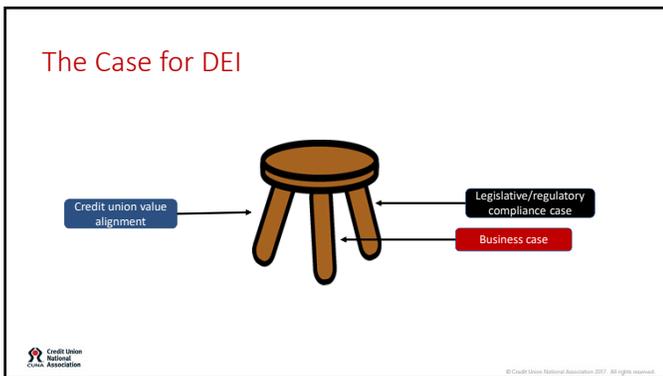
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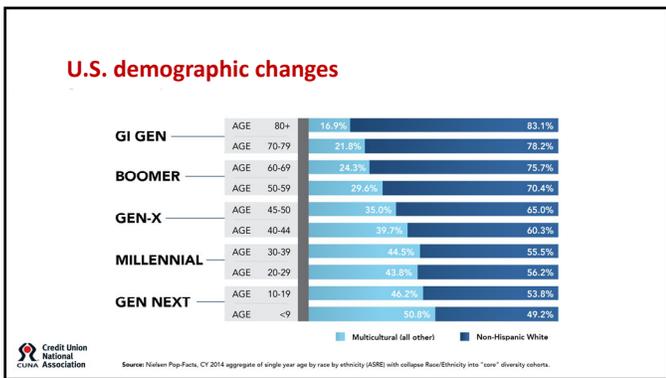


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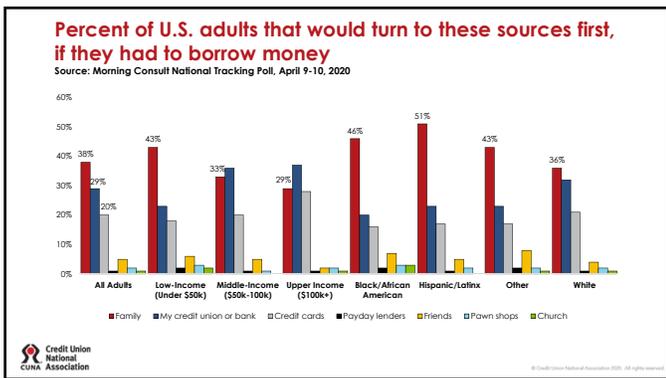
The business case for DEI: Market access



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The business case for DEI: Business performance



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DEI is recognized as a factor of competitive advantage

78% of executives rate DEI as an important issue and say it increases competitive advantage

85% of CEOs whose organizations have a diversity and inclusiveness strategy say it's enhanced their organization's performance




Source: Deloitte's Global Human Capital Trends 2017; PwC, 18th Annual Global CEO Survey

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Diversity in leadership

Effects on financial performance

<p>High gender diversity in leadership</p> <p>21%</p> <p>more likely to achieve above average profits</p>	<p>High cultural and ethnic diversity in leadership</p> <p>33%</p> <p>more likely to achieve above average profits</p>	<p>Low gender, cultural and ethnic diversity in leadership</p> <p>29%</p> <p>less likely to achieve above average profits</p>
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Source: McKinsey and Company, "Outliving through Diversity," 2016

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Board Diversity

More gender diversity on boards is associated with 20% higher risk-adjusted returns and higher board effectiveness:

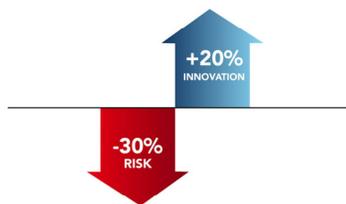
- Enhanced strategic controls
- Fewer regulatory enforcement actions
- Less fraud
- Improved quality of reported earnings and reduction of earnings management

Caveat: Adding one woman to the board improves performance if there's already a woman on the board, research suggests that you need a minimum threshold (approx. 13-17%) to reap the benefits. Simply adding one woman does not have a positive effect.

 Sources: Soehn, Paolo et al., "Board of Director Gender Diversity and its Impact on Earnings Management: An Empirical Analysis for Select European Firms," 2019; Leo, Linda, Ding et al., "Women on Boards: Global Trends in Gender Diversity in Corporate Boards," 2018; Olson, Jane and Julie Teneney, "Gender Diversity in Bank Board of Directors and Performance," FEDS Notes, 2019; Post, Caroline and Kris Ryan, "Women on Boards and Firm Financial Performance: A Meta-Analysis," Academy of Management Journal, 2018.

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The value of diversity of thinking

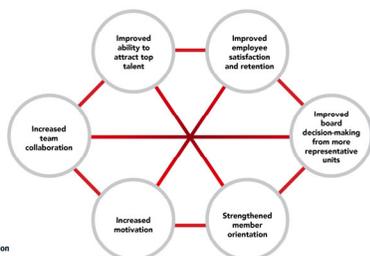


 Source: Julie Bourke, "Which You Heads are Better than One? How Diverse Teams Create Breakthrough Ideas and Make Smarter Decisions," 2019.

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A rising tide raises all boats

Everybody wins with DEI





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Diversity-Equity-Inclusion is credit unions' secret weapon and brings competitive advantage.

Maurice Smith,
 recent past CUNA Board Chair and
 President/CEO of Local Government Federal Credit Union



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The business case for DEI at credit unions

Credit unions that participated in Coopera's Hispanic Outreach Program:

- ✓ **Grew their memberships by 33% more** than credit unions that did not
- ✓ Experienced **44% higher increases in loans and 31% higher increases in assets and 0.32% greater earnings.**

To a much weaker extent, **portfolio quality**—as measured by the delinquency and charge-offs ratios—**shows improvement** for credit unions that participated in Coopera's Hispanic Outreach Program compared to those that did not.

Note: this does not represent annual growth, rather it shows an overall increase for all of the periods after the designation relative to before. This is also not a causal analysis.



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The 116th Congress is the most racially and ethnically diverse in history.

- More than one-in-five voting members in the House and Senate are racial or ethnic minorities – representing an 84% increase since the 107th Congress of 2001-2003
- The number of women in Congress is at an all-time high with 127 women in the legislature, accounting for a record 24% of voting lawmakers across both chambers.
- The current Congress includes the first two Muslim women ever to serve in the House and has the fewest Christians (471 out of 535) in the past 11 Congresses.
- Ten openly gay and bisexual lawmakers were elected to the 116th Congress – Eight serve in the House and two serve in the Senate.
- While the number and share of veterans in Congress overall have decreased since their peak numbers in 1976, the newly elected freshman class boasts the largest number of veterans in a decade.



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Prior to the COVID-19 crisis, DEI was a priority for Congress and Regulators

- Speaker Pelosi established the House Office of Diversity & Inclusion
- House staff participated in the first-ever survey on compensation, benefits and demographics in July 2019 in an effort to improve recruitment and retention of diverse employees
- The House Financial Services Committee formed the Subcommittee on Diversity & Inclusion
- NCUA established the Office of Minority Women and Inclusion (OMWI)
- NCUA joined as a member of the DEI Collective -- a network of credit union organizations committed to advancing DEI in credit union movement
- Chairman Hood championed the "Second Chance Initiative"—allowing formerly incarcerated non-violent offenders to work in credit unions



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DEI Priorities in the House Financial Services Committee

- HFSC hosted 18 hearings on the topic of financial discrimination and D&I initiatives – nearly 20% of all hearings held to date
- Three bills were introduced promoting diversity in corporate governance
- Democrats emphasized the need for the public disclosure of D&I data from America's financial institutions



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HFSC solicited the following data points from all bank holding companies with over \$50 billion in assets since 2015:

- The total number of full and part-time employees;
- Career level of employees
- Gender, race and ethnic identity of your employees, as otherwise known or provided voluntarily;
- Employee compensation by gender, race and ethnicity;
- Number and dollar value invested with minority and women-owned vendors and asset managers as compared to all vendor and asset manager investments;
- Title(s) and reporting structure for each institutions' lead diversity officer(s)
- Number of staff and budget dedicated to diversity initiatives;
- Description of performance measures and compensation tied to diversity initiatives



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Following the COVID-19 pandemic and ensuing economic instability:

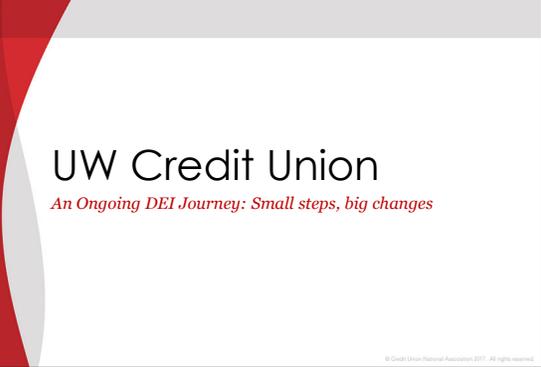
- House Ways & Means **first** committee hearing was on "The Disproportionate Impact of COVID-19 on Communities of Color."
- House Financial Services **first** committee hearing was on "Promoting Inclusive Lending During the Pandemic: Community Development Financial Institutions and Minority Depository Institutions."
- House Democrats introduced the "Justice in Policing Act of 2020"
- Anti-lynching legislation was brought to the Senate floor
- Chairman Hood has called upon regulators to make inclusion a major priority in the financial industry.
- NCUA launched its new Culture, Diversity, and Inclusion Council
- NCUA developed an agency-wide survey to examine the NCUA's current organizational culture and to identify areas for improvement



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UW Credit Union
An Ongoing DEI Journey: Small steps, big changes



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Looking Back

- Prior to last year, UW Credit Union was doing a lot of the right things and having a lot of the right conversations
 - Adopted Deep Diversity Framework
 - Here for Every You re-brand
 - Employee Community Groups
 - Cultural Competency Champions
 - DEI Community Sponsorships
- But we wanted more. More for our members and more for our employees.
- In order to be a **catalyst for positive action and change**, we had to do a lot more listening and a lot more leaning in.



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2019-2020: Small steps, big changes

What we did

- Director of DEI
- Organizational Assessment & Bias Audit
- External Conferences
- Leadership training
- External surveys

What we discovered

- Bias exists within all business practices.
- We needed to be explicit with our DEI vision, and let that guide action.
- DEI should be practiced by all but owned by our leadership team.



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Here for Every You

Building An Inclusive Workplace



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Our vision statement

Because when everyone belongs, everyone grows



Our Vision: Diversity, Equity and Inclusion

Here for All of You

At UW Credit Union, diversity, equity and inclusion are more than words. They are part of everyday life.

Our employees, like our members, represent a range of races and ethnicities, genders and gender identities, sexual orientations, abilities, generations, spiritual beliefs, socioeconomic backgrounds, communication styles and more. This diversity brings valuable perspectives to our work and our relationships. It inspires us to advocate for one another and seek solutions that benefit us all.

In our workplace, each of us is valued, accepted and empowered to do our best. We can all express ourselves fully, contribute in meaningful ways and advance professionally. Our differences make us stronger and our respect for each other gives us power.

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**DEI in Practice:
Shared Responsibility**

- Executive team
- Board
- HROD Leadership team
- Director of DEI
- Diversity & Inclusion Steering Committee
- Employee Community Group (ECG) leaders




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More than words

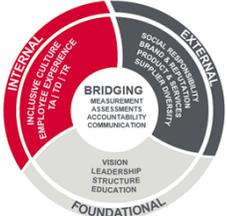
It takes a village to walk the walk. We needed a full-circle strategy that could sustain the important work that was taking place and elevate it to the point of culture.

We needed to find ways to make it matter to everyone. Listening was the first step, education and engagement were the second.




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360° DEI Strategy




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Foundational

- Vision Statement
- ECG Evolution/Value Proposition
- Quarterly DEI education series with outside experts



Someone who uses their privilege in service of others who do not have the same privilege.



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Being an Ally: Putting DEI into Practice

- WebEx talk with "Better Allies" author Karen Catlin
- Cross-ECG Allies Initiative
 - Be An Ally Pledge Campaign
 - **Phase 1 (June – September)**: Allies & Inclusive Workplaces Toolkit, "Better Allies" Book Club, AllyPledge
 - **Phase 2 (September – December)**: Equity Moments
 - Ask Big Questions



Tips on Being An Ally:

- Educate Yourself**
Ask informed questions. Accept that the answers are complicated and nuanced, even messy.
- Build Genuine Relationships**
Acknowledge subordinated group fatigue. Ask for permission or guidance, resist being a savior.
- Address Biased Behavior**
Get over your shock. Accept that you will make mistakes.



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Internal: Bias Interrupters

BIAS INTERRUPTERS small steps big change
Identifying & Interrupting Bias in Hiring

The four patterns below describe tendencies not absolutes. Here's what to watch out for:

- 1. Hiring standards:** Hiring standards are often subjective and can be influenced by unconscious bias. Hiring standards should be based on job requirements and not on personal characteristics.
- 2. Hiring process:** Hiring processes are often subjective and can be influenced by unconscious bias. Hiring processes should be based on job requirements and not on personal characteristics.
- 3. Hiring criteria:** Hiring criteria are often subjective and can be influenced by unconscious bias. Hiring criteria should be based on job requirements and not on personal characteristics.
- 4. Hiring decisions:** Hiring decisions are often subjective and can be influenced by unconscious bias. Hiring decisions should be based on job requirements and not on personal characteristics.

- Bias interrupters are small tweaks to basic business systems that interrupt **implicit bias** in the workplace
- Piloting within Hiring and Recruiting Processes
- Future work: Assignments, Meetings and Compensation



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External

- Expanded giving platform
- New brand ambassador
- What's next?
 - Product and services
 - Supplier diversity




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Bridging

- Working with Filene Research Institute on benchmarking
- National Credit Union Association Assessment
- Corporate Equality Index Survey
- Mercer Women that Thrive Survey

Filene * **Think. Do. Change.**



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Where do we go from here?




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Takeaways and Questions

- Don't bite off more than you can chew – change doesn't (and shouldn't) happen overnight
- Do bring in experts – treat DEI as a professional development opportunity and be willing to learn
- Do less talking, more listening – lean in before you lead



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Q&A



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Thank you.



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