

# Summary of The FFIEC Interagency Policy Statement Assessing Diversity - Federal Financial Institution Examination Council

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**How will the recently released Interagency Policy Statement of Joint Standards (Policy Statement) from the Federal Financial Institution Examination Council (Agencies) affect banks and other financial services providers in the U.S.?**

While the Policy Statement does not create new legal obligations and use of the Joint Standards (Standards) by regulated entities is voluntary, the Agencies aim to create and strengthen diversity policies through organizational commitment, workforce and employment practices, procurement and business practices, and practices to promote transparency, to ultimately expand organizational diversity and inclusion.

## Analysis

In conformance with Section 342(b)(2)(C) of the ***Dodd-Frank Wall Street Reform and Consumer Protection Act*** of 2010 (Dodd-Frank Act), which requires the ***Offices of Minority and Women Inclusion*** (OMWI) to develop standards for assessing diversity policies and practices of regulated entities, the Agencies have worked in unison to develop standards to address these concerns. With the assistance of over 200 comments and suggestions submitted to the Federal Register, the Agencies drafted and finalized a Policy Statement to showcase these Standards.

The Policy Statement sets out Standards for assessing an entity's diversity policies and practices in areas of "organizational commitment to diversity and inclusion, workforce profile and employment practices, procurement and business practices, supplier diversity, and practices to promote transparency of organizational diversity and inclusion". The Policy Statement notes the Standards are a reflection of the leading policies and practices for advancing workforce and supplier diversity. Moreover, the Policy Statement describes the Agencies' approach to assessments through a "model assessment", which consists of "a self-assessment by an entity of its diversity policies and practices using the proposed standards, voluntary disclosure of the self-assessment to the appropriate Agency, and publication by the entity of its diversity efforts, in order to increase the public's awareness and understanding".

Additionally, the Agencies noted they recognize each entity is different and maintains unique characteristics such as governance structure, workforce size, and community characteristics. As a result, the Standards may be tailored to the specificity of the individual entity's size and characteristics. The Agencies also considered Section 342(b)(4) of the Dodd-Frank Act, which states, "the directive to develop standards may not be construed to mandate any requirement on or otherwise affect the lending policies and practices of any regulated entity, or to require any specific action based on the findings of the assessment".

## Conclusion

Through the Policy Statement and Joint Standards, the Agencies aim to create and strengthen diversity policies through organizational commitment, workforce and employment practices, procurement and business practices, and practices to promote transparency. However, it is important to note that the Standards do not create new legal obligations and use of the Standards by regulated entities is voluntary.

*Jacqueline Painter is co-author of this article.*

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National Law Review, Volume V, Number 175

Source URL: <https://natlawreview.com/article/summary-ffiec-interagency-policy-statement-assessing-diversity-federal-financial-ins>