The Committee on Financial Services, hearing entitled: "Diversity in the Boardroom: Examining Proposals to Increase the Diversity of America's Boards", Thursday, June 20, 2019, at 10:00 A.M. Presented by Mr. Luke Visconti, Founder and Chairman of DiversityInc

Good morning, Chairwoman Waters, Ranking Member McHenry and distinguished Members of the Committee. Thank you for inviting me to testify.

I am Luke Visconti, founder and chairman of DiversityInc. I stepped aside as CEO on May 7 of this year. Carolynn Johnson, our CEO, asked me to provide today's testimony, she is with us today.

DiversityInc is a business publication dedicated to the business benefits of diversity. The cornerstone of our publication is the annual Top 50 Companies for Diversity competition. https://www.diversityinc.com/the-2019-top-50-diversityinc/

Diversity is commonly seen as an issue concerning everyone but white men. This is erroneous; Diversity is of concern to every American because our destiny is shared by all. Professor Steve Phillips, author of "Brown is the New White"recently wrote "there are 7,000 more people of color added to the US population every single day—as compared to just 1,000 whites—through a combination of births, deaths, and legal immigration." https://www.thenation.com/article/donald-trump-not-the-frontrunner-president-2020/

From a business perspective, diversity is an issue of profitability, ethical corporate governance and, for publicly traded companies, return on equity. It is not an issue for the future, it is an urgent issue of today.

A lack of diversity on corporate Boards of Directors is an ongoing and persistent problem across all industries, but in the banking industry, has an especially deleterious effect on our country, holding back our national GDP by denying equal access to finance, and as a result of poor workforce diversity, thwarting the innovation and talent needed to compete.

We have been conducting our Top 50 competition for 18 years, it voluntary and open to any company with more than 1,000 employees. There is no cost to compete and results have no association with business conducted with our company. Thousands of companies look at the survey, hundreds complete it. The survey takes a deep look at human capital performance and governance including supplier diversity. The survey has 1,200 fields of data, including board of directors, top four levels of management, total management, total workforce and management practices statistically associated with superior human capital results.

There are five banks on our 2019 Top 50 list, Wells Fargo at 13, TD Bank at 19, Key Bank at 36, HSBC at 40 and U.S. Bank (part of U.S. Bancorp) at 46. We do not disclose the companies who compete but do not rank, however we do not provide anonymity to companies who choose not to compete. Wells Fargo and TD are the only top 10 largest banks (as ranked in Wikipedia) in the US that compete for a spot on our Top 50. JP Morgan Chase, Bank of America, Citigroup, Goldman Sachs, Morgan Stanley, PNC and Capital One do not. Of note, AT&T, EY, PwC, Comcast, Abbott, Eli Lilly, MasterCard and TIAA – are all in top 15 of our list.

Of the boards of the 10 largest US banks, 30% of directors are women and 22% are non-white. This is better than the average for the Fortune 500 (16% women, 23% non-white), but far worse than the DiversityInc Top 10, 30% of women, 34% non-white. https://www.diversityinc.com/facts-figures/
It is important to note that for people in the age range of directors, more than half of 4-year degrees were earned by women.

There are several diversity management best practices that we have measured to be statistically associated with superior results. Only one is appropriate to a Board of Directors purview: An executive diversity committee (EDC), chaired by the CEO and meeting monthly is a practice common to 86.7% of Top 10 companies ("Top 10" includes six companies which have previously achieved number one on our list and are now in our "Hall of Fame": J&J, EY, Kaiser Permanente, PwC, Novartis and Sodexo). I have attended and presented to dozens of EDC meetings as a guest. Typically, meetings focus on metrics-driven results and accountability of diversity management efforts, particularly regarding advancement and retention of non-majority groups, especially "high potential"people in management. This would be an easy report-out to a board and, standardized, could be included in the EEO-1 report.

However, the board must be competent to understand a diversity report. Unfortunately boards of financial institutions are not competent in managing their own diversity. The progress of everyone not white and male in banking executive leadership and board seats is too slow to leave to non-accountable techniques, in my opinion. For example, the "Rooney Rule" was established in 2003, but it did not work for the NFL, which remains a de facto plantation as 88% of head coaches, 97% of owners snd only 30% of players are white.

Fair access to capital is an essential competitive advantage for our country (and one of three conditions that Dr. King said were necessary for a person to become a citizen), but will remain an aspiration until boards of directors develop the discipline to have fair representation themselves. Continued non-disclosure, lack of transparency and a complete lack of accountability will only result in stasis – unrepresentative boards unable and incompetent to provide strategic leadership required for banking services to a country that has grown and continues dramatically growing in its diversity. In my opinion, regulation to ensure fair and equitable representation on bank boards would greatly benefit our nation.