

Congresswoman Joyce Beatty (OH-03)
FSC Member Day Testimony
November 9, 2023

Good morning, Chair McHenry and Ranking Member Waters. Thank you for hosting this Member Day Hearing. I am testifying today about the importance of diversity and inclusion in our financial system and the need for this matter to be considered by the Committee.

As you know, two Congresses ago, then-Chairwoman Maxine Waters made history by establishing the first-ever Subcommittee on Diversity and Inclusion. I had the honor to serve as the first-ever Chair, and my good friend Congresswoman Wagner served as the first-ever Ranking Member. For the first time, Congress conducted oversight of D&I in the financial industry and held firms accountable for their D&I practices. No surprise – we discovered rampant disparity.

We received data from the 44 largest banks (more than \$50 billion in assets), the 31 largest investment firms (more than \$400 billion in assets), and the 27 largest insurance companies (direct premiums of more than \$7 billion). The data we collected revealed a staggering lack of workforce and supplier diversity across the industry. On average, less than 20 percent of executive leaders at the largest banks were people of color. Women comprised less than a third of corporate boards at the largest investment firms. On average, insurance companies spent less than three percent on diverse suppliers.

We also uncovered the stark inequality prevalent in asset management. Of the 82 trillion dollars in assets under management, only 1.4 percent are managed by minority-owned or women-owned firms. Overall, we found that women- and minority-owned businesses face clear barriers to market entry, limited access to capital, and persistent discrimination. Through public hearings and published reports, the D&I Subcommittee pushed the industry to do more, and we moved the needle a little further towards progress.

Our efforts were also bipartisan. I would like to enter into the record quotes made by my Republican colleagues acknowledging the importance of D&I.

Despite our gains, we all agree that our work is not done.

I was extremely disappointed when Chair McHenry chose to eliminate the D&I Subcommittee this Congress. On February 1, 2023, at this Committee's organizational meeting, Chair McHenry said on the record that diversity and inclusion policies would be under the jurisdiction of every Subcommittee. At this same meeting, Congresswoman Wagner said she wanted to work together "to make sure that the issue is addressed." Despite these promises, nearly a full year into this Congress, we have held 55 hearings and not a single one has been on D&I.

While the Committee of jurisdiction blatantly ignores this problem, economic inequality continues to pervade this country. Women still earn only 83 cents for every dollar earned by a man. Minorities consistently experience higher rates of unemployment and poverty compared to white people. Many groups continue to face high barriers to full participation in our financial system.

To make matters worse, D&I practices are under attack. Virtually every Republican-led FY24 Appropriations bill prohibits funds from being used to promote diversity and inclusion

initiatives. We are seeing what appears to be a coordinated strategy to systematically undo each and every gain achieved in recent years. Whether it's on college campuses and universities, at corporations, or government agencies like the SBA and Minority Business Development Agency – D&I is under attack.

We have the data, we have the need, and we've moved the needle. As Chair of this Committee, why not give this matter the attention it deserves?

Thank you for your time.