

GAO@100 Highlights

Highlights of [GAO-21-448T](#), a testimony before the Subcommittee on Diversity and Inclusion, Committee on Financial Services, House of Representatives.

Why GAO Did This Study

The financial services industry provides services that help families build wealth and is essential to the economic growth of the country. For instance, the FHLBanks, Fannie Mae, and Freddie Mac play important roles in supporting the U.S. housing market. The FHLBanks include 11 federally chartered banks that provide liquidity for member institutions, such as commercial and community banks, to use in support of housing finance and community lending. Fannie Mae and Freddie Mac purchase single-family and multifamily mortgage loans that lenders already made to borrowers.

Congressional members and others have highlighted the need for the financial services industry to create opportunities for all Americans, including supporting a diverse workforce.

This statement discusses (1) how financial service firms use data to assess workforce diversity efforts; (2) how the FHLBanks and the enterprises use data to assess their diversity efforts; and (3) how FHFA oversees diversity efforts at the FHLBanks and the enterprises.

This statement is primarily based on three GAO reports (GAO-18-64, GAO-19-589, and GAO-20-637) on diversity efforts in the financial services industry and at FHLBanks and the enterprises.

For the reports, GAO reviewed relevant literature and data, and interviewed representatives of financial services firms and industry and diversity advocacy organizations. GAO also reviewed documents and interviewed officials from the FHLBanks, enterprises, and FHFA.

View [GAO-21-448T](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or GarciaDiazD@gao.gov.

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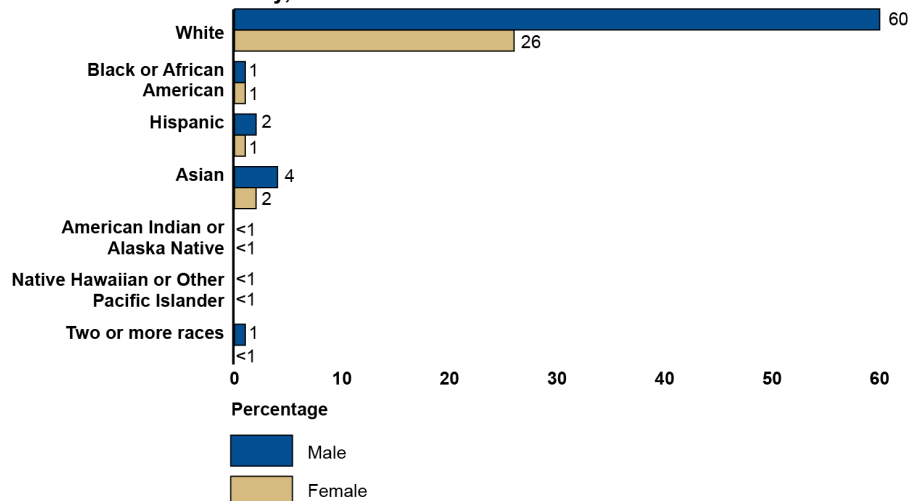
FINANCIAL SERVICES INDUSTRY

Using Data to Promote Greater Diversity and Inclusion

What GAO Found

GAO's prior work has shown that the financial services industry has made little or no progress in increasing diversity at the senior management level. The figure below shows the latest available data on diversity at senior levels.

Race/Ethnicity and Gender Representation of Executive/Senior-Level Management in the Financial Services Industry, 2018



Source: GAO analysis of Equal Employment Opportunity Commission data. | GAO-21-448T

One common theme of GAO's recent reports on diversity in the financial services industry is the importance of using data to assess diversity and inclusion efforts.

- In 2017, GAO reported that financial services firms said it is important for firms to collect and analyze data to assess workforce diversity. Notably, all the financial services firms with which GAO spoke agreed on the importance of analyzing employee data. Some firm representatives noted that with such data, they can analyze the gender and racial/ethnic diversity of new hires, employees leaving the organization, and newly promoted staff and managers.
- In 2019 and 2020, GAO reported that the Federal Home Loan Banks (FHLBanks) and Fannie Mae and Freddie Mac (the enterprises) track diversity composition data on their workforce, recruitment, and hiring. The FHLBanks and the enterprises use these data to compare their performance against benchmarks, such as prior-year metrics and peer institutions, and set goals for future performance. They also incorporate diversity targets into their incentive compensation goals or performance competencies for management.
- The Federal Housing Finance Agency (FHFA) uses data to oversee the workforce diversity and inclusion efforts of the FHLBanks and the enterprises. As GAO reported in 2019 and 2020, FHFA collects and reviews quarterly and annual workforce diversity data from the FHLBanks and enterprises. For example, FHFA assesses each FHLBank's performance in workforce diversity using the quarterly data. In 2017, FHFA also began reviewing diversity and inclusion efforts as part of its annual examinations of the FHLBanks and the enterprises.