

Opening Remarks by Barry Wides

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CRA Roundtable: Expanding Suppliers, Increasing Opportunity

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*Good morning. I'd also like to welcome you San Francisco – a city that's long been at the crossroads of good business and social progress.*

*And that's what I think our conference is about – how financial institutions can do well by doing good.*

*There are lots of good reasons why it makes sense for banks to embrace supplier diversity as a key corporate value. Cultivating small business suppliers – and especially minority-owned small business suppliers – helps banks develop reliable sources for the products and services they use every day. It stimulates competition and reduces undue dependence on one or even a few suppliers. Banks benefit when they have an extensive network of sources – especially when those sources and suppliers are located close to home. And, it earns them loyal friends and new customers in the communities they serve.*

*These are all sound business reasons to make supplier diversity a key corporate value.*

*But the benefits we're here to talk about go beyond the sustainability of today's bank operating plan and this year's bottom line. We're talking about long-term franchise value. Good corporate citizenship pays dividends that keep flowing when banks do their part to help keep our economy strong.*

*The small business sector plays a crucial role in that regard, through its vital contributions to job growth and our standard of living. And banks can make a major contribution to our nation's prosperity by making sure that small businesses have an opportunity to participate in bank procurement activities.*

*When you think about it, why wouldn't a bank encourage small businesses to become its business partners? Because those small business partners are either already the bank's customers – or they're its customers of the future. One way or the other, banks have a vital stake in the well-being of our small business enterprises.*

*But there's another important reason why supplier diversity makes such good business sense for banks. Support of small business is a key objective of the Community Reinvestment Act. And recognizing the need to stimulate the growth of minority-owned, women-owned, disadvantaged and disabled-veteran-owned businesses, we've adopted in our CRA policies incentives for banks*

*to enter into contracts with small business borrowers. Although this contracting arrangement, which is spelled out the Interagency CRA Questions and Answers, would not itself be considered a CRA activity, our examiners would be free to consider it favorably in the bank's CRA evaluation as an enhancement that augments the effectiveness of the bank's small business loan program.*

*For large banks, these programs help to demonstrate a bank's innovation and flexibility in administering a small business lending program. For small and intermediate small banks, they help to demonstrate a bank's responsiveness to credit needs in its communities. An examiner would write about the bank's contracts with small businesses for supplies and services in the Performance Evaluation to help demonstrate those respective points. In other words, a bank's contracts with small businesses is a "qualitative" factor in the CRA exam. This is particularly important for a bank striving to achieve an outstanding CRA rating.*

*So add up the benefits of supplier diversity – the benefits to a bank's reputation, its operational effectiveness, and its regulatory standing. And then couple those benefits with all the good that support of small business brings to our country and our local communities. When you do those things, it's easy to see why we in the regulatory agencies believe so strongly that supplier diversity is a goal worth supporting – and why we believe today's symposium holds such great promise.*

*On behalf of Comptroller of the Currency John Dugan, I'd like to welcome you once again to our symposium today.*