

For release on delivery
9:00 a.m. EDT
September 25, 2009

Remarks by

Ben S. Bernanke

Chairman

Board of Governors of the Federal Reserve System

at the

Congressional Black Caucus Foundation

Annual Legislative Conference

Washington, D.C.

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Good morning. Thank you for the opportunity to speak during the Congressional Black Caucus Foundation's Annual Legislative Conference. Congresswoman Waters, I appreciate the invitation and your leadership in this area. Let me make a few brief comments about the Federal Reserve's efforts with respect to diversity, and I look forward to our dialogue afterward.

As you know, in response to the financial crisis that began more than two years ago, the Federal Reserve has introduced various programs to improve the functioning of key financial markets, with the goal of helping to restore the flow of credit that our economy needs. Usage of many of these programs has been winding down as markets improve, but one program for which an ongoing need still clearly exists is the Term Asset-Backed Securities Loan Facility, or TALF. This program, which was implemented this year, has helped restart the securitization markets for various types of consumer and small business credit. Securitization markets are an important source of credit, and their virtual shutdown during the crisis has reduced credit availability for many borrowers. Since its inception, the TALF has indirectly financed nearly 3 million loans to households (excluding credit card loans) and nearly 400,000 loans to small businesses.

Investors participate in the TALF by receiving loans from the Federal Reserve to finance purchases of asset-backed securities. TALF was designed from the start to be available to a diverse set of participants: TALF loans to purchase asset-backed securities are available to virtually any U.S.-domiciled firm, and firms can participate with investments as low as \$500,000. There have been 121 borrowers so far, including investors of all sizes.

Since TALF is open to all investment firms, we needed agents to work with potential borrowers. In March, I participated in the TARP/TALF Access Summit that you organized. At that summit, we heard that a more diverse set of TALF agents would help bring in a more diverse set of TALF borrowers. Acting on that good suggestion, we recently announced the inclusion of four new TALF agents, selected to increase the diversity of TALF borrowers. Three of the four are owned by African Americans. We expect the new TALF agents to begin operation in November.

In the area of procurement, the Federal Reserve uses various methods to reach women- and minority-owned contractors. We hold vendor fairs in Washington to publicize opportunities. For example, on September 2, representatives of approximately 60 companies talked to Board staff about contracting possibilities. We are a member of the National Minority Supplier Development Council, and we regularly attend national and local vendor fairs and conferences (including several this year) to share information on how to do business with the Board. Our procurement staff works with Board operating divisions in all phases of the contracting process. In addition, our procurement policies require that nearly all contracts include a subcontracting plan that describes the vendor's commitment to provide small and/or minority- and women-owned companies the maximum practicable opportunity to participate in contract performance. The Board's chief acquisition officer oversees compliance with the Board's procurement policies and procedures, working with staff responsible for outreach to women- and minority-owned companies.

Finally, I would also like to mention briefly the Partnership for Progress, a Federal Reserve initiative launched last year in recognition of the importance of healthy

minority-owned depository institutions to many communities in this country. This initiative supports minority-owned depository institutions through outreach and technical assistance and by training examiners to better understand some of the unique challenges faced by minority-owned institutions.

The Federal Reserve System remains committed to diversity and inclusion in our programs and activities, and I appreciate the opportunity to have this dialogue. Again, thank you for inviting me today.