

Federal Reserve Bank of Atlanta

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Moderator: *Welcome to the Federal Reserve Bank of Atlanta's Financial Update Focus podcast. We're speaking with Andre Anderson, vice president over community bank supervision in the Supervision and Regulation Department at the Atlanta Fed. We're talking with Andre today about Partnership for Progress, which is a new Fed program that's designed to help minority-owned and de novo banks. So, thank you for joining us today, Andre.*

To start, Andre, why is the Fed formulating a program to help minority-owned and de novo banks?

Photo of Andre
Anderson

Andre Anderson: Supporting minority-owned institutions is really fundamental to our mission to provide for a safe, a sound, and an accessible banking system. Minority-owned institutions are vital to meeting the credit needs of their communities, which often include underserved populations and markets.

Moderator: *The announcement of Partnership for Progress mentions some unique challenges that minority and de novo banks face. Can you talk a little bit about what some of those challenges are?*

Anderson: A couple that come immediately to mind are, one, the ability to attract and retain key managerial talent. Often, because of size and modest financial resources, minority-owned institutions and de novo banks are unable to offer the most attractive compensation packages, in-house training and varied experiences, and advancement opportunities typically available at larger competitors.

Another reason is the limited access to capital. Because some minority-owned institutions are unable to demonstrate consistently favorable profit margins and returns, they often encounter difficulty attracting outside investors when additional capital is needed. Impediments to capital preclude branching and other expansionary opportunities as well as other creative product offerings.

Moderator: *What does the Fed hope to accomplish with the program Partnership for Progress?*

Anderson: Our hope is to offer ongoing technical assistance to existing minority-owned institutions regarding industry best practices and engage in ongoing dialogue on emerging supervisory issues and concerns. We believe we can best achieve this by ensuring ongoing communication with senior officials and directors outside of the normal examination process. We also believe this approach will increase their confidence in the regulatory process and improve their chances for long-term success.

Moderator: *Andre, within Partnership for Progress, what is the role of the regional Reserve Banks and, in particular, of the Atlanta Fed?*

Anderson: The program has multiple distribution channels to ensure it has broad reach to address the diverse needs of the minority institutions. The Reserve Banks will conduct workshops that can be customized for targeted institutions that deliver technical information and respond to specific questions affecting the minority-owned institutions. The workshops will also serve as a forum to allow participant feedback that will be used to enhance the program and the Federal Reserve System's examiner training program. Other local activities may include one-on-one discussions with institutions.

Moderator: *As I understand it, Andre, the program is built around the stages of a bank's life cycle, from start-up through maturity. What is the reason for that?*

Anderson: These stages were logical segments of a banking institution's life cycle. The program's design was structured based on feedback received from minority-owned institutions during the development and pilot phases of the program. Minority institutions were allowed to offer direct feedback on the format of the program.

Moderator: *All right, thanks, Andre. Again, we've been speaking with Andre Anderson, Atlanta Fed vice president over community bank supervision. This concludes our Financial Update Focus podcast on Partnership for Progress. For more information, please see Financial Update on the Atlanta Fed's Web site. Thank you for listening, and please return for more podcasts. If you have comments, please e-mail us at podcast@frbatlanta.org.*