

Remarks by Deputy Secretary of the Treasury Wally Adeyemo at the National Bankers Association Annual Conference

October 14, 2022

As Prepared for Delivery

Thank you all for having me today, and a special thank you to Nicole, who was recently selected to serve on Treasury's Advisory Committee on Racial Equity. I know we will benefit from your expertise and insights into how we can build a more equitable Treasury and economy.

I also had the pleasure of moderating a panel with Nicole at Treasury's Freedman's Bank Forum just last week. For those who aren't familiar with it, the Freedman's Bank Forum is an annual conference where we bring together private industry, government leaders, and policy advocates to discuss opportunities to work together to promote racial and economic equity, and to reflect on the work we do to advance this objective each and every day.

The state of our economy on day one of the Biden Administration underscored the importance of prioritizing equity in our economic agenda. The pandemic took a tremendous toll on our economy. By January 2021, we were still 9.5 million jobs below the pre-pandemic peak and hundreds of thousands of businesses had closed over the first year of the pandemic.^{[1][2]} These challenges were especially acute in communities of color, where Black, Latino and Native American workers were more likely to lose jobs as the economy contracted.^[3] These differences in the economic impact of the pandemic on different communities were familiar and predictable. Because what global disruptions like COVID do is throw fuel on a flame. They illuminate and exacerbate existing disparities.

At Treasury, as we were tasked with administering over \$1 trillion in American Rescue Plan (ARP) relief funding, we knew that we urgently needed to get money into the hands of those who needed it most. But we also knew that, done correctly, this funding would be an opportunity to set us on a new path forward, a path toward greater long-term sustainable economic growth.

Minority and underserved communities in this country are not held back by lack of talent or ideas. Their potential is too often capped by lack of opportunity. Unleashing the economic potential of these communities is sound economic policy that stands to benefit us all. That is what Secretary Yellen's term "modern supply side economics"—investing in expanding our labor supply, in sustainable growth, in research and innovation, and in underinvested communities—is all about.

Minority Depository Institutions (MDIs)—including the institutions represented in this room—are essential to this work. As critical—and sometimes the only—conduits of capital in the communities th

serve, MDIs are able to drive wealth creation through access to mortgages and small business loans. That's why the Emergency Capital Investment Program (ECIP) was such a priority for us.

And I am happy to say that, while there is still tremendous work ahead of us, we have made meaningful progress together through ECIP funding. As you all know, the Vice President and Secretary Yellen recently announced that Treasury has closed and funded \$8.28 billion of ECIP investments. Over \$3 billion of that amount was invested in MDIs, including more than \$1.1 billion to black MDIs and \$1.3 billion to Hispanic MDIs.

These investments are transformative for CDFIs and MDIs, allowing them to scale their work and expand their impact and reach in financially underserved communities that, in many cases, would otherwise struggle to access the capital they need.

Earlier this year on a trip to Memphis, I had lunch with eight black women small business owners to talk about the state of the economy, their businesses, and where they needed support. Their stories wouldn't surprise you, but they emphasized just how important your work is. For these women, the difference between securing a life-changing contract and closing their businesses for good was as simple as finding a bank willing to open a line of credit. In communities across the country, your banks provide this critical funding and contribute to our economic success.

ECIP is just one in a series of recent historic investments in CDFIs and MDIs. Last year, the CDFI Fund deployed \$1.25 billion through the Rapid Response Program. And through our CDFI Equitable Recovery Program we expect to announce \$1.75 billion in grants by early next year. Over the past year, the CDFI Fund has also deployed hundreds of millions through its core Financial Assistance program, the Bond Guarantee Program, and the Capital Magnet Fund, among others. And through the American Rescue Plan's State Small Business Credit Initiative, Treasury is deploying an additional \$10 billion, including to support small business loans through CDFIs or MDIs in underserved communities, with the expectation of tens of billions of dollars in additional private capital leveraged by the federal SSBCI funding.

We know that, as impactful as ECIP and these other investments are, they will not solve all of the challenges facing Black-owned banks or financially underserved communities. We still have work to do together.

Mission-oriented financial institutions need more than just the capital from the federal government to reach their full potential—both in the scale of funding and the kinds of capital they need. We're calling on and working with the private sector to step up and meet that need. That's why we're excited about a new initiative the Vice President announced this summer: the Economic Opportunity Coalition. The EOC brings together the private sector and social sector to work together to augment the historic federal investments we've made. One specific area of focus for the EOC is helping CDFIs and MDIs meet the deposits they need to maintain their equity-to-asset ratios. Last week, at the Freedman's Forum, EOC members announced commitments of \$650 million in deposits they will move into MDIs to help them



manage their balance sheets and put the ECIP investments we made to work. And this is just a down payment on the way to a goal of moving \$1 billion of deposits into MDIs.

Public-private partnerships like the EOC, and like our collaboration with the NBA through our administration of the ECIP program, are critical to realizing our economic agenda. It allows us to better identify and meet needs where they exist, unlock more capital than we could on our own, and hold each other accountable to the commitments we've made. I look forward to our continued collaboration on this front and thank you for being with me today.

[1] <https://www.federalreserve.gov/econres/feds/files/2020089r1pap.pdf> 

[2] <https://www.epi.org/publication/biden-first-18-months/#:~:text=By%20the%20time%20President%20Biden,below%20the%20pre%2Dpandemic%20peak.>

[3] <https://fas.org/sgp/crs/misc/R46554.pdf> 

