

TESTIMONY OF WOMEN IN HOUSING & FINANCE, INC.

**BEFORE THE SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS
OF THE HOUSE COMMITTEE ON FINANCIAL SERVICES**

**"DIVERSITY IN THE FINANCIAL SERVICES INDUSTRY AND
ACCESS TO CAPITAL FOR MINORITY-OWNED BUSINESSES:
CHALLENGES AND OPPORTUNITIES"**

Thursday, July 15, 2004
10:00 a.m.

Chairwoman Kelly, Ranking Member Gutierrez, and Members of the Subcommittee, I am Joanne Hanley, President of Women in Housing & Finance, Inc. We appreciate the opportunity to testify before the Subcommittee on Oversight and Investigations about this important topic -- Diversity in the Financial Services Industry and Access to Capital for Minority-Owned Businesses.

Women in Housing & Finance, Inc., or WHF, as we call ourselves, is an example of an organization that was created to afford opportunities for women to advance in the financial services industry. Women lacked such opportunities twenty-five years ago. WHF has grown as a result of our organization's proactive stance on diversity -- we are a stronger organization because of our diverse membership. Nonetheless, challenges remain for our members' continued success as professionals. A brief review of the path taken by WHF to help women advance in the financial services industry can serve to provide perspective on this issue.

The mission statement of WHF provides an overview of the organization:

WHF, a professional and non-partisan association of women and men in the fields of housing and financial services, is a premier forum for national policy leaders to address key policy issues. Established in 1979, WHF

promotes women through professional enrichment and leadership enhancement.

WHF carries out our mission by offering substantive educational programs on the current issues facing housing and financial services, usually through lunch-time programs that fit into a busy professional's schedule. We also offer career development and leadership training programs. WHF members contribute to the betterment of the metropolitan Washington, D.C., community through our involvement with the WHF Foundation. The WHF Foundation provides charitable services and educational activities related to housing and finance to provide assistance to local women and their families.

How does the WHF experience shed light on the question of diversity in the financial services industry? WHF was created because of the lack of diversity in the industry -- in particular, the lack of women. Further, it's significant to note that WHF represents a solution designed by women, for women, based on our evolving needs. Some common themes emerge from a review of our history:

- WHF members want the same access to policymakers as other groups have;
- WHF members saw the benefit in expanding our membership ranks to include men as well as the women who founded the organization; diversity was embraced by the organization as an effective means to achieving our individual goals;
- WHF members want not just to network with the policymakers; we want to create career paths that enable us to become those policymakers;
- WHF members are willing to put in extra effort to acquire the skills needed in executive-level positions;
- WHF members want to use our personal and financial resources to give back to the community, especially to women needing assistance with housing and finance issues.

A brief review of the evolution of WHF underscores these points.

WHF had its origins in 1979, when women in Washington lacked the opportunity to participate in forums with policymakers. The “old boy” network simply closed women out of important meetings. A small nucleus of women in the housing field recognized the need for women in the male-dominated industry to join forces to share policy views as well as techniques for boosting each other's career success. The group was so small that they were able to meet around one table in a Chinatown restaurant for lunch. The group soon attracted women from financial services as well as housing and rapidly grew to almost 100 members. WHF then struggled with two decisions: whether to grow beyond 100 and whether to admit men as members. Both of those questions were answered in the affirmative, as WHF elected to increase its strength by becoming more diverse.

In the twenty-five years since those first lunches, WHF has grown to an organization of over 700 women and men from over 260 organizations in both the public and the private sectors. Our current members include a Governor of the Federal Reserve Board, a Commissioner of the Securities and Exchange Commission, two members of the National Credit Union Administration Board, the president of a major financial services trade association -- and those are just a few of our high-level female members. We also count as members the heads of several of the other financial institutions regulatory agencies, who happen to be men. Organizations represented run the gamut of the entities involved in housing and finance: the Departments of the Treasury and of Housing and Urban Development, Congressional staff, the federal financial regulatory agencies, trade associations, the media, financial services companies, law firms, accounting firms, and consulting entities.

As WHF celebrates our 25th anniversary this year, we are now a professional and non-partisan association of women and men in the fields of housing and financial services. Our organization is regarded as a premier forum for national policy leaders

to address key policy issues. I emphasize non-partisan because that is one of our strengths -- we provide a networking bridge across the professional and political spectrum and welcome all points of view. We use several means to provide access to national policy leaders for discussing policy issues with our members: monthly luncheons, brown bag lunches, symposia, and special events. While WHF's monthly luncheons and symposia are open to the press, the brown bag lunches and special events are generally "off-the-record," allowing speakers to be more candid in discussing the issues at hand.

From its initiation, the WHF monthly luncheon has been a centerpiece of our formal educational activities, providing members with opportunities that aid them in seeking a higher level of expertise and professionalism. These monthly luncheons attract leaders in the financial services and housing arena. Recent speakers have included: OTS Director James Gilleran; Representative Richard H. Baker; Comptroller of the Currency John Hawke; Federal Trade Commission Chairman Timothy J. Muris.; Representative Spencer Bachus; Senator Paul S. Sarbanes; and Public Company Accounting Oversight Board Chairman William J. McDonough. In addition, WHF has had politically and financially oriented speakers such as political analyst Stuart Rothenberg and Ruth Ann Marshall, president of the North America Region of MasterCard International. A tradition that continues through today is that speakers allow time for a question and answer session following their formal remarks, giving WHF members an opportunity to pursue in greater detail some aspect of the topic addressed.

In the mid-1980s, WHF initiated a program of "brown bag lunches," which are organized by our Task Forces. Our Task Forces currently include: Legislative, Regulatory, International, Securities, Housing, and Insurance. Our brown bag lunches are less formal gatherings at which a prominent speaker or panel of speakers can address in depth some topic of professional interest to WHF members. For example, an Administration speaker may highlight how a new regulation will be implemented; proponents of opposing sides on a pending legislative matter may explain the reasons

for their respective positions; or a panel of financial regulatory agency chief counsel may provide an update on the most significant issues facing their respective agencies. A follow-up Q&A session is a hallmark of these events.

A third forum for national policy leaders was begun by WHF in the early 1990's -- all-day symposia focusing on significant topical issues, such as Preemption, Predatory Lending, Use of Tax Credits for Housing, and implementing Gramm-Leach-Bliley. Individual speakers as well as panels are able to address the topic in depth. The regulatory agencies typically pay for staff to attend these programs, a testament to the educational quality and timeliness of WHF symposia.

Our special events highlight policy leaders of special interest to our members and include Congressional receptions, women leaders' breakfasts, and the Regulators' receptions. These programs enable members to network in informal settings with prominent policy leaders and role models.

Let me now turn to an increasingly significant initiative for our organization -- programs explicitly designed to offer career development and leadership training for our members. An obvious benefit of a women's organization is the opportunity for "on-the-job" leadership training that occurs as a result of the need to create and maintain a leadership structure for the organization. Through assuming leadership roles in WHF, our members have learned: to chair committees and task forces, to organize the programs, to speak at symposia and brownbag lunches, and to serve as executive officers and Board members. These are significant leadership opportunities which build an array of skills that are directly transferable into success in one's professional career.

Further enhancements to career development were begun in the late 1990's when WHF began to offer brown bag lunches focused not only on substantive issues in the housing and financial services arena but also on our members' professional development. Early programs addressed such topics as: resume-writing, public

speaking, and obtaining a political appointment. About two years ago, our Professional Development Committee significantly expanded this effort to offer leadership training. The first program, the WHF Protégé Program, provided in-depth training over a six-month period to a small group of our members on such skills as leading and facilitating effective meetings, using PowerPoint effectively, and public speaking. The emphasis was on getting up and actually practicing the skills. The Protégés have since been given opportunities to try out their newly acquired skills at WHF events, such as by introducing a panel of speakers. The second program, the WHF Executive Leadership Development Program, was offered to a larger audience and focused on the types of skills one would need to become a Presidential appointee or the head of a major trade association -- testifying before Congress, holding press conferences, and granting press interviews. Drawing primarily from our own diverse membership, panels with expertise in these areas (including reporters) shared their tips for mastering these crucial leadership skills.

The Professional Development Committee recently conducted a survey of WHF members to learn more about the types of programs members would find most useful in advancing their careers. The list of the most requested programs is revealing:

- 1) Strategies for Transitioning to a New Job (repackaging your skills; reworking your resume; networking; role-playing)
- 2) How to be Appointed to A Corporate or Non-Profit Board of Directors
- 3) Power – How to Get It/ How to Use It
- 4) How To Launch a Successful Second Career
- 5) Getting Through the Glass Ceiling.

This feedback will guide our future career development brown bag lunch programs.

Additionally, the Professional Development Committee launched another new initiative this year -- providing financial literacy programs for our members. Even though our fields are housing and finance, our busy lives often prevent our developing the necessary expertise to manage our own finances optimally. We jump-started this series of brown bag lunches with a program in January on learning how to choose solid investments (with a presentation by the Director of Investor Education and Assistance of the Securities and Exchange Commission on the powerful resources available on the SEC's website), followed by a panel discussion on Identity Theft -- How to Prevent It.

The Professional Development Committee plans to continue these three initiatives -- leadership training, career development brown bag lunches, and financial literacy brown bag lunches -- to meet our members' growing needs.

I'd like to turn now to a brief discussion of a parallel development that is a natural outgrowth of both the diversity of our membership as well as the career advancement of our members -- and that is a desire to give back to the community. In 1997, with the full support of WHF, a small group of our members launched the WHF Foundation to "help women and their families in the Washington, DC metropolitan area by providing charitable services and educational activities primarily in the fields of housing and finance." WHF Members provide funding for the Foundation through a variety of fundraising activities. This money provides the base for grants which have been awarded to various DC-area organizations that provide housing or financial literacy programs for low-income women and their families. Foundation activities to date include: a personal finance program at the Latin American Youth Center, Ellen Wilson Community Development Corporation and United Communities Ministry. In 2003, the WHF Foundation also provided grants to fourteen area groups including Northwest Church Family Network, Hannah's House, the Women's Center, Crossway Community, Good Shepherd, and Community Family Life Services. Additionally, WHF members offer their talents to some of the organizations directly by teaching financial literacy

classes and providing charitable services. Future Foundation plans include: providing personal finance counseling to at least five community groups, funding another set of partnership grants, and establishing a scholarship program for a local student in the areas of housing and finance.

With the success of both WHF as an organization and of its members in their respective careers, the question remains as to whether there is still a place for an organization that focuses on the success of *women* in the fields of housing and finance. As I mentioned earlier in my testimony, WHF early on made the decision to open our membership to men. Currently, one-third of our membership are men and one-third of our Board of Directors are men. So, should we remain focused on women? Our leadership met earlier this year in a series of strategic planning sessions and debated this issue. We concluded that the need for career enhancement remains for women who face obstacles in the financial services and housing industry, and we reaffirmed the focus on women's success as a key element of our organization. While our leadership training programs are open to men, the perspective is on the way women lead and the strategies that bring success to women in the workplace.

In summary, WHF's experiences demonstrate that concerted effort was needed to ensure diversity in the financial services industry. Much progress has been made. However, women continue to perceive the need for continued education and skill-building to ensure our inclusion at the highest levels in the industry. This is why our mission statement emphasizes that "WHF promotes women through professional enrichment and leadership enhancement."

I welcome your questions.