

**Statement of Chairwoman Sue Kelly**  
**Subcommittee on Oversight and Investigations**  
**“Diversity in the Financial Services Industry and Access to Capital for Minority-Owned**  
**Businesses: Challenges and Opportunities”**  
**July 15, 2004**

This morning, the Subcommittee on Oversight and Investigations will examine the state of diversity in financial services, including access to capital for all businesses and communities. These issues are critically important to achieving full growth in our financial services sector and our overall economy.

A simple snapshot of our country’s current employment composition displays some disparities among certain populations, particularly with regard to women and minorities. As a society, it is our responsibility to encourage the diversity in financial services that reflects the makeup of our country. It is also our responsibility to ensure that a lack of diversity does not translate in to a lack of confidence in any individual’s ability to succeed at all levels of the financial industry. Today, we will investigate these issues and discuss ways to improve efforts to achieve a more diverse financial sector and to improve access to capital.

Over the past few decades, the visibility and involvement of women and minorities in social, economic, and political circles has continued to increase. An important part of increasing opportunities for all individuals begins at an early age. This means ensuring that every child has access to a first class education and the opportunity to succeed. A key component of this education includes financial literacy for individuals at all ages. However, a strong education alone will not help improve access to all sectors, which is evident by the fact that the financial sector continues to lag behind other industries in representation. We must have a continued commitment from the public and private sectors in order to break down some barriers that still exist.

While there are still considerable strides that need to be taken to increase opportunities for all individuals, the financial services industry appears to be moving in the right direction. Currently, there is promising representation in the lower and middle management ranks; however, senior management ranks continue to pose challenges. There are also signals that senior management is starting to become more aware and active in expanding opportunities to all qualified candidates, regardless of their race or sex.

Some companies continue to be more successful at promoting diversity in their workplace than others. In fact, some major corporations today have diversity programs, which encourage and recruit qualified individuals in underrepresented populations. And, many firms are also utilizing employee networks and formal mentoring programs to facilitate a more diversified workforce and to help all employees achieve their full performance and career potential. Since it is the “tone at the top” of a company that sets a good example for opportunity at all ranks, we must continue to challenge our nation’s business leaders to encourage these efforts.

Better representation in financial services should also improve access to capital for all individuals. Earlier this year, the Minority Business Development Agency of the Department of Commerce released a report entitled, “Expanding Financing Opportunities for Minority Businesses.” This important study found that minority-owned businesses present “an historic and dynamic growth opportunity for the U.S. economy.” The study also highlights the fact that, while minority-owned businesses are growing, they exist primarily in non-asset based industries rather than in capital intensive sectors. The Subcommittee is very interested in the report’s conclusion that the lack of access to financing impedes participation in certain sectors and that successful growth will require bringing minority entrepreneurial efforts into the economic mainstream. We would like to hear more from our witnesses on how to improve access to capital and encourage this transition.

I thank the witnesses for their appearance here today, and I look forward to hearing your views on these issues.