

Equitable Bank Standards Explanatory Note

1. Objectives and Process of the Public Comment Period

Beneficial State Foundation (BSF) is holding a public comment period on our Equitable Bank Standards (EBS). The public comment period aims to gather feedback to align the standards with current practices and drive actionable change for broad adoption. The findings will inform a revision of the Standards in 2025.

Confidentiality

While Beneficial State Foundation collects information on respondents to understand stakeholders' backgrounds and expertise, this information remains confidential and anonymized. Respondents will be offered the opportunity to be recognized for their contributions in outward facing communications, such as being listed on the Beneficial State Foundation website and in an updated publication of the Standards. Respondents can opt to have their organization or affiliation disclosed.

Timeline

The public comment period will run from September 17 to December 3, 2024. Participation can occur in one, or multiple, ways including surveys, virtual interviews, and virtual roundtables. A description of each follows below. In advance of these engagements, it is recommended that respondents review the [Equitable Bank Standards \(EB.01\)](#) and accompanying [Resources and References for EB.01](#) publications. Certain surveys will require familiarity with the Standards to respond to the questions. Review can also occur during the survey completion.

Surveys: A three-part online survey will be available for respondents to provide feedback on the Standards.

- The first part of the survey takes a broad perspective and is designed to require about 15 minutes. This part of the survey allows respondents to opt into the other parts should they decide to provide more granular input.
- The second part of the survey focuses on the EBS objectives and specific standards, allowing respondents to indicate whether they believe these are aligned with financial institutions' roles in the community. The survey allows respondents to identify their area of expertise or interest across the Standards. Each category within the EBS is estimated to take 15 minutes for a total of 60 minutes if all sections are completed.
- The third part of the survey is the most comprehensive and can last upwards of 60 minutes depending on the level of detail provided. Respondents will review the Standards, recommended actions, required thresholds, and intent and clarification to see whether the presentation covers the relevant content. For all parts of the survey, respondents can start and return to the surveys during the duration of the comment period.

Interviews: Virtual interviews will be conducted by Beneficial State Foundation staff and will follow a similar format to the online survey. Interviews will be recorded and transcribed to ensure the results are properly captured. Interviews can be scheduled using the [online scheduler](#). Interviews offer respondents an opportunity to clarify any questions and offer comprehensive commentary.

Roundtables: BSF will host up at least five virtual roundtables. Roundtables will consist of up to 12 respondents. BSF will invite certain respondents to roundtables and have an open invitation to others who might wish to participate. Respondents can join more than one roundtable. The roundtables will be held for a minimum of 90 minutes. Respondents will be provided with an overview of the questions in advance and may wish to allow time to prepare for the roundtable. This, however, is not required.

2. The Standards Development Process

The Equitable Bank Standards are:

- A **project of Beneficial State Foundation** and the work of dedicated individuals both within the Beneficial State family and at partner organizations.
- A long-term undertaking that is **aspirational**.
- A **collaborative and shared resource** that provides a **measurable pathway** for all banks to achieve **social and environmental impact** while often **improving financial performance**.
- A **robust and evolving**, industry- and community-validated **reference and resource** for bank changemakers to draw upon.
- A **work-in-progress**, a living resource that will continue to be improved over time.

Setting the Standards

The Equitable Bank Standards have been developed over time through an iterative research and feedback process. Stakeholders including financial industry experts, values-based banking associations, subject matter experts in academia, policy advocates, technical standard-setting experts, racial equity experts, and financial justice activists provided critical input to the Standards. Our partner bank, Beneficial State Bank, also provided key insights.

Equitable Bank Standards Development Timeline

2017

- Development of the Equitable Bank Standards began when the City of Oakland approached BSF with a question: *What does a good bank look like?*
- Initial preparation and writing

2019

- Standards scoping and drafting
- Interviews with Beneficial State Bank

2020

- Stakeholder interviews with over 20 individuals and organizations
- Incorporated feedback into the Standards
- Subscribed and sought consulting support from ISEAL

2021

- Methodology design analysis and restructuring of the Standards
- Beneficial State Bank review

2022

- Release Version 1 publication
- Launch of dedicated EBS webpages

2023

- Stakeholder mapping
- Creation of change framework
 - Terms of reference created
 - Advisory Council recruited
 - Standards revision process defined
- Advisory Council launched

2024

- Pre-consultation phase completed
- Public Comment Period

2025

- Planned revision to the Standards
- Implementation of Standards for market adoption
- Case study creation

Incorporating Feedback

Following the public comment period, the Equitable Bank Standards team will undertake a standards review process with the support of the Standards Revision Working Group, a group of the Equitable Bank Standards Council.

BSF staff will document and designate the feedback for immediate implementation and the feedback for future consideration approved by the working group. Internal staff will conduct the rewriting process and communicate changes that substantially shift the direction of the body of work to the working group.

The Council will approve and recommend for approval the revised Standards to the BSF Board.

A summary of the substantive changes and the related feedback will be released to support stakeholders to understand how their input was incorporated into the results of that revision process.

3. Scope of the Standards

The Equitable Bank Standards provide a comprehensive framework for guiding banks towards measurable social and environmental impact. The Standards are organized into five key categories

and each category sets clear expectations for how banks can contribute to positive social and environmental outcomes. Here's a breakdown of each category within the Standards:

Governance in the Public Interest

The *governance* standards compel banks to establish ownership structures, business models, goals, strategies, decision-making bodies, and protocols that are in service of maximizing positive impact and minimizing the negative impact for people and the planet. They also encourage banks to ensure all stakeholders have a voice, and that accountability measures are established to ensure that the bank's results and methods of achieving them are aligned and publicly communicated.

Lending and Investments

The *lending and investment* standards urge banks to deliver value to society by using the power of finance to provide sustainable positive economic, social, and environmental outcomes while striving to avoid negative outcomes.

Products and Services

The *products and services* standards urge banks to deliver affordable services in an equitable, inclusive, and environmentally sound manner.

Operational Practices

The *operational practices* standards compel banks to authentically integrate values of worker dignity and engagement, diversity, equity, inclusion, and environmental stewardship into their internal functions such as facilities and equipment, procurement, and communications.

Corporate Citizenship

The *corporate citizenship* standards urge banks to advocate for regulations and support campaigns that protect the planet and advance equity in communities that have been historically marginalized.

4. Standard Specific Considerations

The consultation (including the call for public comment) aims to gather feedback on how the Equitable Bank Standards can support leadership-driven commitment, align with current practices, and drive actionable change for broad adoption. Below are the key focus areas of this consultation and the associated questions to ensure the Standards are practical, effective, and aligned with diverse financial institutions' needs.

Build on Current Banking Practices

Provide critical feedback, discussing general concerns, and ensuring the Standards help banks achieve leadership-driven commitment.

What we hope to learn:

1. How can CEOs and management staff effectively drive commitment to new standards across all levels of a bank, and what strategies ensure successful implementation?
2. What specific, actionable standards are needed to translate commitment into tangible change within banks, and how can these be designed to be both effective and measurable?



3. How can standards be tailored to accommodate the varying sizes, structures, and markets of different financial institutions while maintaining consistency and effectiveness?
4. What are the primary concerns of diverse financial industry stakeholders regarding new standards, and how can these be addressed to ensure broad support, successful adoption, and ongoing refinement?

Align with Current Standards

Offer your perspective on how new standards can be harmonized with existing banking practices and aligning with other credible standards to enhance broader commitments and banking systems change.

What we hope to learn:

1. How can existing banking practices that align with new standards be identified and amplified to encourage broader adoption? What strategies can promote mainstream integration with other credible industry standards?
2. How can new standards be developed to address specific banking industry needs while maintaining sufficient universal consistency for integration across diverse financial institutions and existing frameworks?
3. What criteria determine whether the banking industry can adapt current practices to meet new standards versus requiring full-scale reformation? What are the potential impacts of each approach on the industry and its stakeholders?

From Commitment to Action

Develop standards for financial institutions that help banks act on commitments.

What we hope to learn:

1. What specific, practical steps and key components are necessary for financial institutions to effectively implement new standards? How can we gather the right information to make our guidelines increasingly actionable?
2. What tools, resources, and guidance do financial institutions need to adapt to new standards to support implementation?
3. How can standards be designed to influence regulatory frameworks and industry cooperation towards adoption while maintaining the flexibility to adapt to future changes?
4. How can regulatory frameworks establish mechanisms to hold financial institutions accountable for adhering to standards and maintaining their commitments?