

Partnering with Industrial Bank for U.S. Treasury's Financial Agent Mentor-Protégé Program

Citi worked closely with U.S. Treasury to establish the major tenants of the Financial Agent Mentor-Protégé Program and was the first Financial Agent Bank in the Program, helping black-owned Industrial Bank to gain the experience necessary to become a Financial Agent.

Case Study

The Opportunity

Citi has a longstanding relationship with the U.S. Department of the Treasury and operates a number of Treasury service contracts. Citi, along with a handful of large national banks, acts as a Financial Agent (FA), which allows Citi to perform financial services on behalf of Treasury and its financial management arm, the Bureau of the Fiscal Service. In 2018, the Bureau launched the Financial Agent Mentor-Protégé Program, which aims to pair FAs with small banks inclusive of minority-owned and women-owned banks to increase the number that qualify as FAs.

"With the Mentor-Protégé program the Treasury Department intentionally recognizes the importance of small banks in our economy, banks that have historically and traditionally served mostly their local communities," says Corvelli McDaniel, Assistant Commissioner of Revenue Collections for Treasury's Bureau of the Fiscal Service. "Now, through a period of preparation and mentorship, small banks will have an opportunity to serve the nation." By qualifying as FAs, minority-owned and women-owned deposit institutions will be eligible to participate and bid in the FA selection process.

For the past decade, Citi has been responsible for the day-to-day management of the Bureau's OTCnet application, which processes \$100 billion of deposits annually. OTCnet automates the point of sale/over-the-counter (OTC) deposit process by capturing check images at the point of sale and converting them into Electronic Funds Transfer/Automated Clearing House transactions, debit transactions, substitute checks, cash and money orders. The application also captures detailed accounting information of over-the-counter Federal Program Agency (FPA) transactions.

As part of the latest OTCnet solicitation process, FAs were required to explore how they might contract services to a minority or women-owned bank. Citi embraced the opportunity to help a minority-owned bank to compete for federal contracts and, following extensive research and interactions with a number of banks, agreed to work with Industrial Bank. This Washington D.C.-based, black-owned bank was established in the 1930s and has grown to become one of the largest minority-owned banks in the U.S., with assets of more than \$432 million.

The Solution

Citi acted on its commitment to Treasury's goal of achieving a more inclusive network of Financial Agents by including Industrial Bank in its proposal for the re-bid of the OTCnet program. A statement of work was developed jointly with Industrial Bank before it began training that will allow it to assume responsibilities as an OTCnet partner (alongside Booz Allen Hamilton, which is responsible for program management coordination of OTC channel activities).

Industrial Bank will support the OTCnet partnership through the critical customer-facing task of agency adoption. This team is responsible for assisting federal agencies' adoption and use of the OTCnet application.

In addition to Industrial Bank's involvement on OTCnet as a "Protégé" Bank, Industrial will participate in a number of knowledge-sharing sessions held by Citi that aim to transfer Citi's institutional expertise and experience to enrich the qualifications of Industrial Bank. As such, Citi plans to train Industrial on a number of key subject areas that include but are not limited to: cash management, receivables, payments, and legal and compliance; all of which are important to the growth of Industrial Bank as a future Financial Agent, and as a retail and corporate bank.

The Result

Citi's partnership with Industrial Bank aids Treasury with its goal of improving access and creates a path for Industrial Bank to become a Financial Agent for the Bureau of the Fiscal Service. It also enriches Citi's contribution to society and reaffirms the bank's longstanding commitment to "Be the Best for Our Clients". As importantly, combined with the additional training that is a part of the broader Mentor-Protégé Program, it enables Citi to share its expertise and experience with Industrial Bank to help it mature as a financial institution. This will put Industrial Bank on a path to potentially become an FA in the future, enabling it to bid for federal contracts on its own.

"Industrial Bank is very excited about the opportunity presented by the Mentor-Protégé program," says Doyle Mitchell Jr., President and CEO of Industrial Bank. "Training sessions have already begun and we are looking forward to building our relationship with Citi and the U.S. Department of the Treasury. This groundbreaking advance for Industrial Bank could have profound implications and ultimately should allow us to win federal business on a stand-alone basis."

By working with the U.S. Treasury to pioneer the Financial Agent Mentor-Protégé Program, Citi has established a valuable precedent that has already been followed by other FAs. Ultimately, the Mentor-Protégé Program, which Citi is proud to have been involved with, could pave the way for the future transformation of part of the minority banking sector. In addition to Citi's commitment to Treasury's goals of increasing the number of small banks prepared for designation as financial agents, Citi is also acting on its own commitment to ensure supplier diversity.

To find out more visit, <https://www.citigroup.com/citi/suppliers/supplier-diversity-program.htm>.