

**Oral Statement of
Michael J. Hsu
Director, Federal Deposit Insurance Corporation
before the
House Financial Services Committee
U.S. House of Representatives
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Chairman McHenry, Ranking Member Waters, and Members of the Committee. I am testifying today in my capacity as a Director on the Board of the FDIC and as Co-chair of the Special Review Committee, which was established to oversee the independent third-party review of the agency's workplace and culture.

In these roles, my objective has been to protect the people of the FDIC. That has been my top priority and north star throughout the entire process. The employees of the FDIC need and deserve a safe and inclusive workplace, and they need it now.

My joint written statement with Director and Special Review Committee Co-chair Jonathan McKernan describes the processes by which the independent third-party reviewer was selected and how their review and report were overseen.

At each and every stage of the process, we sought to ensure that the review and report were independent, credible, and fair. I believe we achieved that and strongly support the report's findings and recommendations. Most importantly, the report provides a clear roadmap to address and remedy the pervasive problems at the FDIC. The agency must implement its recommendations immediately.

I want to re-emphasize today the urgent need for *actions*, not just words. I am especially focused on actions in three areas:

- (1) Addressing the *fear of retaliation*
- (2) Implementing the *right* action plan for *cultural and structural transformation*
- (3) Ensuring that the *Board and senior management can and will be held accountable* for doing what's necessary to make the FDIC a safe and inclusive workplace

Currently, the agency is taking *action* on all three fronts, following through on recommendations in the Report. More specifically, the FDIC is in the process of:

- Replacing the broken internal process for fielding and responding to reports of harassment with a **new structure** that will bypass management hierarchies and utilize third party investigators, hold wrongdoers accountable, and report directly to the Board in order to credibly mitigate the risk of retaliation.
- Hiring a **third-party expert** to bring an independent, outside perspective on what's needed to ensure cultural and structural transformation, including augmenting the agency's Action Plan as necessary,
- Hiring an **independent transformation monitor** to hold the agency accountable for following through on its commitments and taking the necessary actions in a timely manner.

Protecting the people of the FDIC and earning back their trust must be our highest priority. I am fully committed to that.

The three actions I highlighted – restructuring how the agency does intake, investigations, and accountability, hiring a third-party expert, and hiring an independent transformation monitor – are foundational to many of the other recommendations in the Report. Taking these steps cannot wait and they must be done right. This is my focus as a Director.

Thank you. I will be happy to answer questions.