



Credit Risk Ready Podcast

Host Linda Keith, CPA, With Justin Jones-Fosu

I Am Not Biased, or Am I?

Hi, this is Linda Keith, CPA, with Credit Risk Ready, a podcast where we interview senior credit and lending professionals from community financial institutions across the United States, their regulators, and banking advisors to better understand and mitigate credit risk.

Today's topic is bias. Specifically, your bias. Well, okay, and my bias. One type of bias, confirmation bias, is well understood in credit analysis. Not jumping to conclusions too quickly just because revenue is up or revenue is down, but confirmation bias can rear it's head in many areas. And as we record this podcast episode, across the world protests and demonstrations continue as a result of heightened awareness of police actions against Black men, in particular, and people of color, generally.

Now, beyond the protests and, thankfully, we are also seeing an increased desire on the part of bankers to check themselves and their bank on whether we are treating customers, employees, and our communities without bias, with fair access to opportunities.

My guest today is Justin Jones-Fosu, an MBA and a certified speaking professional who speaks, trains, and writes about workplace engagement based on his work with Fortune 500 companies, his independent research, and his lived experience. Now, just one of his areas of focus is fostering meaningful connections by embracing everyday diversity, which makes him the perfect person to talk with about the challenge we're facing, the discussion that bank and bank leaders are having about systemic justice and racial inequities in banking, lending, and credit. Do they exist? How do we discover it? How do we neutralize it? Well, Justin can help.

Thank you so much for being here, Justin.

Justin Jones-Fosu:

Well, I'm super grateful to be on. Yay!

Linda Keith:

Yay! I'm so happy to have you and I'll just - fair disclosure, everybody - Justin and I are buddies. We got to know each other in a professional organization where we worked on a committee together. I like Justin anyway, but I really like that he was somebody I could call on for this topic.

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So, Justin, many of us insist that we are not biased and we truly think we are not biased. So, help us a little bit with what is bias? How likely it is that we are? And what do we do about it?

Justin Jones-Fosu:

Yes. First of all, we all have bias, including myself. And bias in a nutshell is really an inclination or perceived notion or opinion about something or someone. It could be favorable or it could be unfavorable. So you normally hear people talking about it in an unfavorable manner. So that's bias.

There are some things that we know are our biases. There is also this term implicit or unconscious bias. These are biases or things we don't even realize that we are doing and we have no idea that we have this notion, this idea about someone or something. That in a nutshell, from a macro level, is bias and every single one of us has it.

Linda Keith:

Yeah, it's hard to believe because it does have that negative connotation. And in some ways, bias, if it's not used for ill, bias could be that you gravitate towards a particular store because of your bias toward liking the store owner, right? So, it's not always used for ill, but certainly when it comes to banking and credit our biases can get in the way of not only the legal aspect of fairness, but just being a good person and being fair.

Justin Jones-Fosu:

Absolutely. I mean, let's take it in a very simple way: the New England Patriots, right? So there are some people who say, from a sports perspective (the New England Patriots are a football team), that if you like the New England Patriots or you live in the Boston area, you may have a bias that's favorable of the New England Patriots and anybody that comes with that team. But, if you are a person who, say, lives somewhere else or has an unfavorable perception towards the Patriots or Patriots' fans, you know, it can have negative impact like, "No, no, we aren't going to have this discussion."

So bias isn't always explosive in the way that we talk about it, but it does have moments and times where it can impact how people do credit risk and everything else in lending.

Linda Keith:

Well and when we allow bias to get in the way of fairness, it not only impacts that prospective borrower, but it wouldn't matter whether it's business or mortgage, it's not just them. Often it sticks for generations because it puts people behind where they could be if they had not been treated unfairly.

Justin Jones-Fosu:

100%. I mean, we've seen and known the studies that have shown, even in the early 20th century, one of the things that happened was that the federal government actually created a list of who could receive loans and the most favorable places that they could get mortgages and get land. And so, like, there was a whole list of 1, 2, 3, 4, 5, 6, 7, 8, 9... and probably 8th or 9th was Black or African Americans, though they weren't African Americans at that time, but Negroes was actually spelled out, and then I think right under that were actually Mexicans. But there was a whole list of the order and it actually created spaces and places where people had land and could build generational wealth.

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Linda Keith:

That's right.

Justin Jones-Fosu:

So this stuff was funded by the federal government, not just individual institutions.

Linda Keith:

And if we look at that, sometimes bankers think that was redlining and that was in the past, and, yeah, there might be some lingering results of that, but that's not now. Yet, I just ran across in November 2019, so that's not even a year ago, University of California Berkeley did research and they found that Black and Latino applicants were charged higher interest rates, almost 1%. They had heavier refinance fees when compared with White borrowers. When you looked at face-to-face and online lending, the very same study found that lenders rejected a total of 1.3 million credit-worthy Black and Latino applicants between 2008 and 2015. They figured this out because they went ahead and put those same applications in without the reference to race and the mortgage applications were accepted when race was taken out of it. So, this is not only historical and that's bad enough, but it's current.

Justin Jones-Fosu:

Yeah, Linda, I mean, this is not news for me.

Linda Keith:

I know, but I just was hoping it was better. I know hope is not a strategy. You're right, it's not news to you. I just want to break it to the bankers who are thinking, you know, this is really not a current problem out of whatever cocoon they are in. You didn't need to be reminded, but maybe somebody else does. I don't know.

Justin Jones-Fosu:

Yeah, absolutely. I agree it's helpful to have this type of information because it presents information research to facts to back up what has been known over and over again for many, many years. The challenge is that some people approach this just from a dollars-and-cents or numbers perspective when it really is a heart issue. And a lot of people don't want to fully engage because they are saying, and I hear it often, "But that wasn't my intention." Right? Or, if you were to ask the people who were doing it, they wouldn't say they were intentionally trying to not give lending or not give opportunity. It's not an intentional thing, but it is how we are shaped and how we see the world and the people within it. So many times it not an intentional thing. And so that's why there's such a big pushback when studies like this are brought up. I'd love to go to each and every participant and ask and find out a new research to say, "Hey, but did you intend to do that?" And probably, many of them, if they were honest, would probably say no. And that's why it is not a head issue for me. It's a heart issue and how we are positioned in our society and who we are positioned with. That's the heart issue.

Linda Keith:

Because in my podcast I'm always looking for actual insights, if our listener is recognizing that even though they have no intention to discriminate, maybe there is some bias they are not even aware of. Do you have some exercises or some ways for someone to discover their own biases or how they might be behaving in a biased way, even if they don't intend to?

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Justin Jones-Fosu:

Yeah, absolutely. I mean, let me first kind of put myself in the position of vulnerability, because there was a time when I had just started speaking, right? And I was speaking for several different people and mentors were there, and I had to give this presentation for this agency. And afterwards people came up like, "This was a great presentation. We loved it." But then one lady, Cindy, came up at the end and she said, "Justin, I loved your presentation, but would you mind if I gave you some constructive feedback?" Well, I was like, "Yes, please." And she was like, "Justin, I know this probably wasn't your intention, but there were several times in your presentation in the same sentence where you referred to men as men, but then women as girls. I know that probably wasn't your intention, but I want you to know how it can come across to some."

And it hit me so hard in my heart, Linda, because I didn't even know I was doing that. I had no idea and so it challenged me and helped me to see things that weren't intended that can still have a negative impact. And so the first of understanding this, before we get to any exercise, is just because we have good intentions doesn't always mean it will translate to a good impact. And we have to be humble enough to hear the journey and stories of other people, because a lot of people avoid correcting things that can be corrected because they are resting on their good intentions.

Linda Keith:

Well, I can turn this around a little bit. The woman who was nice enough to come up and say that to you, sometimes that's our managers who are seeing good intentions but not the right outcomes in, say, our frontline lending and credit professionals, that have to have the guts to come up and say, "Can I give you some feedback?" and be willing to share it. If they don't do it because it's an uncomfortable conversation then the person who is behaving in that way doesn't have any idea.

Justin Jones-Fosu:

Absolutely, and there were two things that she did. So, for those people who have to confront others, there were two things she did that were phenomenal. That's what I call defusing defensiveness.

Linda Keith:

Okay.

Justin Jones-Fosu:

And of the two things she did is, first, she asked if she could give me feedback. That was the first thing. It gave me permission to open up. The second is that she assumed I had positive intent. Let me give you the secret. If you ever want somebody's walls to come up immediately, do these two things: don't ask to give them feedback and assume they meant absolute worse. I promise you in business, relationships, anything, you will see people's walls come up. So, just a true meaning of understanding and defusing defensiveness.

Now, telling you some examples for exercises.

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Linda Keith:

Wonderful.

Justin Jones-Fosu:

Awesome. So, one of the things I often talk about: I created this whole model called the Circles of Grace, which is based on Social Isolation Theory, and I started understanding that how we saw the world and people in it, and events were based upon who are in our circles. So, generally, it's ourselves first, the first ring of the circle, then it's family members and friends. That's how you can have somebody and hear somebody say, "But my little Johnny would have never have done that," right? Because it's just your family members and friends.

Then you have people, like you or people those that you love, and where that comes into play is you hear somebody say, "Well, that could have been my son, or that could have been my mom, or that could have been my sister." And then after that is everyone else and they are outside of the circles. Now, generally when they are outside of the circles, we tend to give them no grace, no benefit of doubt. They are guilty until proven innocent.

And I often find that in our own lives, including my own, that I have a lot of everyone else's. I've had people that I automatically don't give them grace when something happens. So when we are talking about this place of businesses, that's important, but one of the things that impacts how we operate in business is also our personal lives.

And so my challenge and exercise to people is to do this thing I try my best to do every six months. I call it the Six-Month Challenge. Every six months, I go to an event, I experience something, or I engage with someone in either which I disagree or I don't know a lot about. And I only go asking two questions. One, what did I learn about this person, this event, or this experience? And, two, what did I learn about myself as I engaged with that person, event, or experience? Because that is an opportunity to grow and enlarge our circles. See, diversity and inclusion in all this stuff, and bias, this is not a kumbaya experience where we all hold hands and agree. No, no, no. Real, true diversity and inclusion, real understanding, and covering our bias is not that we will always agree, but when we do disagree, can I still respect you, can I still see your humanity?

So, one practical exercise is the Six-Month Challenge. And many organizations have adopted it or done it in four-months chunk to ask the question, "How do we better understand even our customers?" So if you are in a neighborhood, you are asking and saying, "Hey, we might notice this could be here." It could be engaging your direct community in asking those questions, experiencing an event of, say, Latinos in your community. You can better understand and hear and just ask questions about their experience with your business, their experience with your bank, their experience with your institution, because it can be helpful as we move forward.

Linda Keith:

You know it reminds me, Justin, when I was on the board of the National Speakers Association, I wanted to go to all the different community groups to get a feel for things. And I remember having to ask my

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Black friends if it was okay to come to Black NSA because I wasn't sure, you know, if I would be welcome. It's like, ah, you know. Now, as it happens, all my Black friends, and luckily I have many more than one or two, and they would say, "Absolutely, a White sister can come," is what they would say to me. And, in fact, that's where I think I first met you, Justin.

Justin Jones-Fosu:

Yes.

Linda Keith:

I was so glad to do that. But I know that in talking to Laurie Stewart, who is the chair of the American Banker's Association, she talked about engaging in some of those cultural activities of areas that she didn't really understand well. There are some immigrant populations, for example, who tend not to want to be banked at all. Well, what's up with that? Why is that true? And could you be doing something out in their community where you start to get to know them and understand them because you are connected and not just trying to figure it out, without asking them, what it is they want or what they are concerned about?

Those are some great ideas. I remember seeing your circle of influences once and realizing my husband was, like, close to the center on some things and he's really out of the circle on others. You know, it's sort of like, okay, which husband am I talking to right now? So not everybody has to be in the same circle all the time.

Thank you, Justin, for helping us with the big picture understanding of bias. The recognition that we didn't need all these protests to know there is a problem here, because it's not like this is news. But recognizing that there are some specific things that we, as individuals, can do whether we are at loan origination, whether at lending management, or bank leadership to start to address the bias, to have some positive ways to approach it, to realize that despite of our best intentions, we still may be biased and we're letting it get in the way. And what can we start doing to change that?

Justin Jones-Fosu:

The issue is not that we have bias. That's not the issue. And a lot of people feel a great sense of shame because they think these things, or they may operate in a way that's unconscious, or a lot of different things. The issue is not that we have bias; the issue is once we know we have it, what do we do with it? That's the issue.

Because we will never be 100% bias-free, but we can consistently grow. Growth versus fixed mindset is true here. We can have a fixed mindset, "Well, you know, that's just the way I am." Or the growth mindset, asking ways in which I can consistently learn, develop, and grow. Now I challenge myself and other circles that people may identify as male, if I see them call out women as girls, I politely jump in and say, "Oh, women." Because I realize, even in the midst of my own inadequacies, I can still learn.

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Linda Keith:

We don't always get to choose our biases, but we absolutely get to choose our actions. That's the difference.

Justin Jones-Fosu:

100%.

Linda Keith:

Thank you, Justin.

Justin Jones-Fosu:

Thank you.

Linda Keith:

Thanks for joining us on the Credit Risk Ready Podcast. Subscribe, comment, or share on social media to stay connected and spread the word. Join me next time as we bring our bank, our customers and our communities through the recession safe and sound.

Take care.

About Justin Jones-Fosu

Justin Jones-Fosu, MBA, CSP, is a full-time family man who also happens to be a highly sought-after business speaker, social entrepreneur, and meaningful work researcher. He is the founder and CEO of Work. Meaningful. where he combines over a decade of leadership in Fortune 500 companies, his real-life experience, and research to help global organizations create new rhythms of sustainable excellence, profitability, and engagement. Speaking over 60 times a year, Justin speaks, leads workshops, and trains companies, organizations, and associations in the US and internationally on meaningful work and workplace engagement.

He is passionate about helping organizations and individuals take ownership of their mindset, purpose, and performance to achieve amazing results. Justin's latest book *Your WHY Matters NOW: How Some Achieve More and Others Don't* challenges the reader to merge their purpose and productivity to get more out of work and life. He is all about turning events into memorable and action-oriented experiences with his humorous and engaging delivery as well as with his research-based content.

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About Linda Keith

Linda Keith, CPA, draws on her 30-plus years of experience consulting with and training lending institutions; background in public accounting; 15-plus years as CFO of the family residential construction company; and experience as an Examiner with the Washington State Auditor's Office and as adjunct faculty in Accounting Principles and Managerial Accounting to help lending and credit professionals say “yes” to good loans.

Of course, you know those are not consecutive years or she'd be over 100 by now!

Linda is known by her clients to be both practical and funny. In fact, there is a movement afoot to change the 'P' in CPA to stand for 'Playful'. The fact is, people absorb ideas and learn better when they are having a little bit of fun. So, Linda brings the fun along with her practical knowledge and depth of understanding to provide credit analysis training and presentations that make a difference.

She is the founder of [Lenders Online Training](#), a virtual classroom approach to improving tax return and financial statement analysis capabilities; the host of the [Credit Risk Ready Podcast](#); and a [consultant/trainer on credit risk](#) to banks and credit unions across the country.

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