

May 26, 2022

Re: Docket ID OCC-2022-0002, Regulation BB: Community Reinvestment Act [R-1769]. RIN 1557-AF15, RIN 7100-AG29, RIN 3064-AF81

To: Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; and Office of the Comptroller of the Currency, Treasury

According to the Federal Reserve,

“The Community Reinvestment Act, or CRA, was signed into law in 1977 and is a seminal piece of legislation to address inequities in access to credit for low- and moderate-income individuals and communities. After receiving substantial feedback from stakeholders, the Federal Reserve Board (the Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) have issued a notice of proposed rulemaking that would amend their regulations implementing the CRA. The agencies' objectives include updating the CRA regulations to strengthen the achievement of the core purpose of the statute, and to adapt to changes in the banking industry, including the expanded role of mobile and online banking.”

The increase in financial institution induced harm, including environmental damage, demands a different, more honest and authentic approach to the review of CRA's ability to realistically facilitate access to services and credit. This is especially true for African-American, Black, and separately, low- and moderate-income individuals and communities.

The Board, the FDIC and the OCC “have long reported non-existent progress.” CRA has failed to reduce anti-Black racial discrimination in financial services, to lower poverty or to lessen environmental destruction.

Black-white differences in wealth, income and life expectancy have been moving backward over the past 50 years. Further, as UN Secretary-General António Guterres stated, “even before impacts of the pandemic response, the ‘number of people suffering from food insecurity was on the rise, the natural environment continued to deteriorate at an alarming rate, and dramatic levels of inequality persisted in all regions.’ “Not only has “world hunger..been rising since 2014, with more than a quarter the world population affected by moderate or severe food insecurity in 2019” but domestic food insecurity has been growing in the African American and in the low-income communities.

Failure to meet the goals outlined by CRA is indicative of a systemic problem. We know that the assumptions underpinning CRA are invalid, including continual non-discriminatory access to banking services and economic expansion as a solution for racism and poverty.

It is convenient for the Board, the FDIC and the OCC and people in the CRA-based organizations they fund, “to maintain an upbeat message that more technology, capital and management will solve both poverty and environmental destruction, but data from the agencies own” CRA reports show this is a myth. Millions of US citizens “would be better served by more sober analysis of the worsening situation. Decades of failure cannot be ignored.”

As perhaps the most experienced, impactful analysts and experts in CRA, we call on the Board, the FDIC and the OCC to bring their approach into line with reality. It is our position that the agencies should drop the ineffective and unhelpful regulatory fig leaf of the Community Reinvestment Act. It simply has not worked.

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