

Aug 5, 2022

OCC: <https://www.regulations.gov/commenton/OCC-2022-0002-0001>

FDIC Federal Deposit Insurance Corporation: [comments@fdic.gov](mailto:comments@fdic.gov)

Federal Reserve Board of Governors: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: OCC Docket ID OCC-2022-0002;  
FDIC RIN 3064-AF81;  
Federal Reserve Docket No. R-1769 and RIN 7100-AG29

To Whom It May Concern:

SaverLife thanks the agencies for soliciting comments on a unified proposed Community Reinvestment Act (CRA) rule that seeks to retain key components of the CRA, modernize aspects where industry practices have outpaced the rules, and strengthen the ability of the CRA to stabilize and revitalize low-to-moderate income (LMI) communities and communities of color.

The CRA has been hugely impactful in providing credit, investments, and financial services to underserved communities nationwide. Yet significant gaps remain in CRA rules and implementation, wealth inequality persists at alarming levels, and the promise of CRA has not yet been realized.

The CRA was enacted in 1977. In this time, the intersection of technology, finance, data, and regulation has become the dominant driving force in the U.S. financial system, presenting both opportunities and risks to financial security and inclusion. **CRA must be reformed to adapt to this rapidly changing financial system.**

In order to recommit to sustainably reinvesting in marginalized communities, the CRA must:

- Take race into account and evaluate banks for service to borrowers and communities of color
- Clarify the growing role of digital-only banking companies and bank-like services in the financial industry and hold such companies offering banking services and loans to the same CRA regulations as traditional financial institutions
- Prioritize consumer protections, especially for historically marginalized communities

- Equip low-to-moderate income communities with the financial resources to achieve climate resiliency
- Enhance community participation so that CRA activity is tied to community needs

SaverLife is a national fintech and advocacy nonprofit organization that leverages proprietary technology and real-time data to advocate for an equitable financial system. We support a thriving membership community of over 600,000 people living with low incomes. A majority of SaverLife members identify as women of color and parents who make less than \$50,000 per year. All of our members seek to establish savings and build long-term wealth.

Despite gains made in the last 40 years since the establishment of the CRA, disparities in the ability of women, people of color, and people living with low incomes to access safe and affordable financial services, obtain capital to build a small business, or achieve the dream of homeownership still persist. SaverLife members have consistently reported that one of the largest barriers stopping them from economic mobility is access to affordable financial services. In a recent study on small business entrepreneurship, our research showed that female business owners and business owners of color struggle to access capital, secure loans, and build credit in order to create a thriving business.

We believe that our members' access to equitable products and services starts with inclusive policy changes to the financial system. Policymakers must prioritize our members' needs—and millions like them—as they work to update banking regulations and institutions. By centering LMI households and people of color in efforts to reform the CRA, the United States can ensure equitable access to critical financial services and spur economic growth in underserved communities. Moreover, it can bring together innovative fintech and traditional human-centered banking services to establish a well-designed and consumer-friendly financial system.

To succeed in creating accessible and affordable banking products and services that support long-term wealth building in the SaverLife member community and underserved populations, we recommend that the updated CRA prioritize these topics:

**Race and CRA.** The CRA should require banks to serve all communities, especially LMI borrowers and communities of color. Failure to include race in the updated CRA reform will only exacerbate the racial wealth gap for future generations. Addressing racial wealth inequality starts with tracking and publishing data related to race in order to highlight existing disparities.

At a minimum, this proposal should be enhanced to require all banks to place these home lending data tables and maps revealing inevitable disaggregated race and ethnicity disparities

in a prominent place on their own websites, include similar tables and maps for small business lending by disaggregated race, ethnicity, gender and neighborhood when the Section 1071 data become publicly available, and provide that the data will impact CRA ratings. The proposal raises the question as to whether CRA evaluations should consider Special Purpose Credit Programs (SPCPs). But, though SPCPs are meant to serve groups protected by fair lending laws, the proposal ponders SPCP evaluation only as to their impact on LMI consumers. The final rule must explicitly recognize the importance of SPCPs as a critical way for banks to help meet the local credit needs of communities of color, and SPCPs should garner CRA credit and positive impact points that enhance a bank's CRA rating, as should all activities that close wealth gaps for racial, ethnic, national origin, Limited English Proficient, LGBTQ and other underserved groups.

One positive aspect of the proposal is the expansion of considerations of discrimination to include transactions beyond credit and lending, such as where discrimination occurs when a consumer tries to open a bank account.

**Community development.** We appreciate that the proposal focuses on encouraging banks to engage in community development activities, such as investing in CDFIs. Such activities can be amongst the most impactful ways for banks to support community needs. For the most part, CRA credit should only be provided where the majority of beneficiaries are in fact, LMI or Black, Indigenous, or People of Color (BIPOC) regardless of where the activity occurs or with whom. CD activities should be tied to local community needs as identified in Performance Context analysis or community-negotiated Community Benefits Agreements, either as a condition of receiving CRA credit or through the use of enhancing impact scoring.

**Community participation.** Community participation should be the centerpiece of community development. Banks and the relevant agencies should post all comments on bank performance on their websites and be required to provide a response. The agencies should actively solicit community stakeholder input on the performance of particular banks during CRA exams and bank mergers. Ninety days should be provided to the public to comment. Banks and regulators should clearly disclose contact information for relevant staff. Agencies should routinely review all existing consumer complaints and community comments. In particular, community groups should be solicited for their views on bank practices relating to climate, displacement, discrimination, and other harms.

**Inclusion of digital-only banking and bank-like services in the financial industry.** As digital-only banking companies and bank-like services and products become more prevalent, CRA reform must take into account the role of technology in banking. Much has changed in the

banking industry since the CRA was enacted in 1977. Financial services and products are increasingly offered outside of brick-and-mortar banks through burgeoning digital-only companies. SaverLife research shows that 45% of our members have chosen banking relationships with non-bank digital-only companies rather than traditional financial institutions. Such companies provide valuable services to consumers, and they often have better-designed products and services that are not geographically limited. For example, digital-only banking or bank-like companies are changing public opinion on common, high-cost banking practices like overdraft fees. They are showing that there can be a different and better business model that does not involve penalizing account owners for overdrawing from their accounts—a message that is forcing the entire banking system to rethink its own rules.

Since digital-only banking and bank-like services are often not defined as “banks” in the traditional sense, they are not subject to the same CRA regulations as traditional financial institutions. SaverLife sees an opportunity within the CRA proposal to establish clear regulations for these non-traditional, digital-only companies that provide banking services. Bank charter or not, if these companies—which often lack a brick-and-mortar footprint—have clients in a specific region, they should be beholden to CRA requirements to ensure that they are investing in communities equitably.

**Climate.** We are pleased to see the proposal list climate resiliency and disaster preparedness as eligible activities in light of the devastating impacts of climate change on LMI and BIPOC communities meant to benefit from the CRA. The definitions in the proposal are strong and should be retained, perhaps with more detailed examples. SaverLife supports the need for community priorities relating to climate resiliency to be set by the impacted communities.

**Small business lending.** SaverLife members list “lack of access to affordable financial services” as a top barrier to economic mobility. Our recent research on access to capital for entrepreneurs revealed that, in particular, women and minority-owned businesses continue to struggle to access capital and build credit. We urge the regulators to uplift communities of color, which have been historically marginalized and underserved. Approximately 95% of small businesses, 97.7% of minority-owned businesses, and 98.3% of women-owned businesses have less than \$1 million in annual revenue. The CRA rules should focus examiner attention on section 1071 data reporting, once public, to ensure equal access to fairly priced credit for women and BIPOC-owned businesses and for businesses with less than \$1 million in revenue.

**Access to banking products and services.** We strongly believe that regulators should review the quality of all bank credit and deposit products, especially in the consumer arena. This includes marketing, language access, terms, rates, fees, defaults, and collections. And again, it



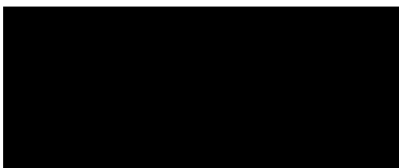
is imperative that there be a qualitative review of language access, pricing, fees, rates, delinquencies, collections, complaints by consumers and community groups, and investigations and enforcement actions by federal and state agencies.

**Mortgages.** CRA consideration should NOT be given for mortgage lending to non-BIPOC, upper-income borrowers in LMI census tracts, as this fuels displacement. And at a time when housing costs are becoming increasingly unaffordable, the CRA could intervene and ensure that opportunities to achieve homeownership through mortgages are provided equitably. It is nonsensical that a bank could fail to serve nearly 40% of its assessment areas and still pass its CRA exams. This seems a recipe for redlining LMI households and communities of color.

### Conclusion

SaverLife appreciates the invitation to comment on proposed CRA rules. There are opportunities within the CRA proposal to address the racial wealth gap and recommit to serving historically disadvantaged communities. Significant changes need to be made to the final rule to ensure that borrowers and communities of color are supported. Community input must also be valued and elevated, and regulators must ensure that banks meet critical needs relating to affordable housing, homeownership, and equitable access to digital-only banking and bank-like services in the financial industry. Thank you for considering these comments.

Sincerely,



Leigh Phillips  
President & CEO, SaverLife