

Press Release

September 21, 2020

Statement by Vice Chair Richard H. Clarida

The Community Reinvestment Act (CRA) is an important law that encourages financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods. Banking has changed significantly in the past 25 years, and I am pleased to see that the Federal Reserve is moving to update and modernize this important regulation. The proposal before us seeks to strengthen the CRA for the law's intended beneficiaries while also providing greater certainty and tailored regulations for financial institutions.

The CRA advance notice of proposed rulemaking (ANPR) is a thoughtfully crafted proposal that is based on significant stakeholder feedback from bankers, community groups, civil rights organizations, and academics. Nonetheless, this regulation is complex, so the ANPR poses a number of questions to seek additional feedback on how it can be improved. This proposal is a solid step toward updating the regulation to better reflect the current banking landscape while continuing to meet the core purpose of the CRA.

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