

Press Release

September 21, 2020

Statement by Chair Jerome H. Powell

Good morning. I'd like to welcome my Federal Reserve colleagues and our online viewers.

Today we will consider seeking public comment on a proposal to modernize the Community Reinvestment Act (CRA) regulatory and supervisory framework. The advance notice of proposed rulemaking (ANPR) under consideration would seek to modernize the CRA by strengthening, clarifying, and tailoring CRA regulations to ensure that they reflect the current banking landscape and better meet the core purpose of the CRA. The CRA plays a vital role in supporting economic opportunity in low-income and minority communities, in both rural and urban areas, and is a top priority for the Federal Reserve.

Given changes in the banking industry since the regulations implementing the CRA were last substantially revised, the measure before us proposes ways to modernize CRA assessment areas while maintaining a focus on more traditional means to provide banking services, like branches, given their importance to individuals and communities. It also seeks to strengthen the CRA's role in financial inclusion by proposing special provisions for minority depository institutions (MDIs), women-owned financial institutions, low-income credit unions, and community development financial institutions (CDFIs). It also proposes to create incentives for bank investments in geographic areas of need outside of assessment areas, including in Indian Country.

A cornerstone of our proposal is a framework for incorporating standardized metrics into the examination process. These metrics are tailored to local market conditions, including demand and needs, and adjust to structural economic and business cycle changes. The ANPR also seeks comment on how to strike an appropriate balance between greater certainty in how banks are assessed and minimizing data collection and reporting burden.

Stakeholders have expressed strong support for the CRA and its goals and have called for the banking agencies to work together on a modernization plan. This proposal is an important step forward in laying a foundation for the agencies to build a shared, modernized CRA framework that has broad support.

I look forward to hearing the staff presentations and will now turn to my colleague Governor Brainard.

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