

Community Reinvestment Act Proposal Fact Sheet

May 2022

The Community Reinvestment Act, or CRA, became law in 1977 and remains one of the seminal pieces of legislation to address systemic inequities in access to credit. The CRA encourages banks to help meet the credit needs of the entire community in which they do business, with a particular focus on low- and moderate- income (LMI) communities, consistent with safe and sound operations. The last significant interagency revision to the CRA regulations occurred in 1995.

The joint proposal from the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency has the following key elements:

- **Expand access to credit, investment, and basic banking services in low- and moderate-income communities.**

Under the proposal, the agencies would evaluate bank performance across the varied activities they conduct and communities in which they operate so that CRA is a strong and effective tool to address inequities in access to credit. The proposal would promote community engagement and financial inclusion. It would also emphasize smaller value loans and investments that can have high impact and be more responsive to the needs of LMI communities.

- **Adapt to changes in the banking industry, including internet and mobile banking.**

The proposal would update CRA assessment areas to include activities associated with online and mobile banking, branchless banking, and hybrid models.

- **Provide greater clarity, consistency, and transparency.**

The proposal would adopt a metrics-based approach to CRA evaluations of retail lending and community development financing, which includes public benchmarks, for greater clarity and consistency. It also would clarify eligible CRA activities, such as affordable housing, that are focused on LMI, undeserved, and rural communities.

- **Tailor CRA evaluations and data collection to bank size and type.**

The proposal recognizes differences in bank size and business models. It provides that smaller banks would continue to be evaluated under the existing CRA regulatory framework with the option to be evaluated under aspects of the new proposed framework.

- **Maintain a unified approach.**

The proposal reflects a unified approach from the bank regulatory agencies and incorporates extensive feedback from stakeholders.