

Acting Comptroller Issues Statement on Interagency Proposal to Modernize the Community Reinvestment Act

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WASHINGTON—Acting Comptroller of the Currency Michael J. Hsu issued the following statement at today's Federal Deposit Insurance Corporation (FDIC) board meeting to consider the interagency notice of proposed rulemaking (NPR) to strengthen and modernize the Community Reinvestment Act (CRA).

Today marks an important milestone in our efforts to expand financial access and inclusion for low-and moderate-income (LMI) communities. The interagency issuance of this Notice of Proposed Rulemaking to strengthen and modernize the Community Reinvestment Act regulations brings the three federal banking agencies back together and holds the promise of expanding access to credit for LMI communities.

When the CRA was enacted in 1977, it was one of a series of landmark laws that sought to reverse decades of discriminatory lending, known as redlining, and disinvestment in LMI communities. This landmark legislation encourages banks to be inclusive in their lending and investments and serves as a key component of the social contract between communities, banks, and the federal government. Today, 45 years after CRA's enactment, and in light of the pandemic and persistent economic inequality, fulfilling this social contract is more important than ever.

I come at this wearing two hats: as a Director on the FDIC's Board and as Acting Comptroller of the Currency. The institutions the OCC supervises provide more than 70 percent of total CRA investments. In 2020, the OCC adopted a CRA rule on its own, without the FDIC or Federal Reserve. After I became Acting Comptroller last May, I commenced a review of the rule and listened carefully to stakeholders. Based on that review, in December 2021, the OCC rescinded the 2020 rule and has been working

collaboratively with the FDIC and Federal Reserve to develop a uniform approach. In my capacity as both an FDIC Director and as Acting Comptroller of the Currency, I am proud to say that the FDIC and OCC are strongly committed to using every authority and tool at our disposal to ensure that banks uphold their obligations so that the CRA's vision of full inclusion for LMI and underserved communities is realized and sustained.

Today's proposal is aimed at strengthening and modernizing the CRA regulations by expanding access to credit, investment and basic banking services in LMI communities, adapting to changes in the banking industry such as internet and mobile banking, and providing greater clarity, consistency and transparency. Further, the proposal accounts for differences in bank size and business models by tailoring CRA evaluations and data collection and promotes a unified approach from the federal banking agencies.

I want to commend the staff at the OCC, FDIC and Federal Reserve for their extraordinary efforts that have led to the development of this interagency NPR. I look forward to receiving comments on all aspects of this proposal, which has as its goal to provide a modern and consistent regulatory approach across the federal bank regulatory agencies that would significantly increase investments in CRA activity and help address persistent inequalities in access to credit and other financial services.