Essentials of CRA Still Viable and Important

- Affirmative obligation to provide financial services in low and moderate income communities
  - This is about access, not about consumer protection
  - Continuing tightness in consumer and small business credit markets makes this more important than it has been in 20 years

- Consistent with safe and sound operations
  - The quality CRA loans have performed better than other loans made to similar populations—and all major banks but one were making loans to this population directly or through affiliates
But CRA Needs Updating

- Needs to go beyond banks and thrifts, to at least holding company affiliates that do same thing as banks and thrifts (i.e., lending, transaction services, savings and investment)
- Quality has to be part of evaluation
  - Not substitute for fair lending or consumer protection—those regulatory schemes should be integrated into CRA expectation and exams, but remain on their own
- Get beyond focus on mortgages
  - Small business, community development, non-credit consumer services
- Much of this updating can be done by regulation, does not require statutory change
Even Harder Issues

- Applicability to different kinds of financial institutions, especially as overall regulatory regime more consistent
  - Within banking sector alone, true community banks, sub-regionals and regionals, mega banks with national geographic presence AND non-bank affiliates, banks with no meaningful geography
  - Holding companies, insurance firms, other types of financial institutions
- Making evaluation match true needs of community, not what others are doing, which may or may not be what’s needed