

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Opening Remarks: Barry Wides

Barry Wides:

Well, good morning I'm Barry Wides. I'm Deputy Controller for Community Affairs at the OCC, and I'd also like to welcome everyone to today's hearing. In light of the enormous changes in the banking industry the two issues that we'll discuss today, geographic considerations and affiliate activities, are critical to our reevaluation of CRA.

In recent years banks have dramatically increased the geographic reach, sometimes operating from a headquarters in a single location but with substantial financial service activities offered online or through other nontraditional means. In some instances this evolution of where and how banks do business has made the issue of branching and the provision of local services more complicated. These changes bring into question the traditional notion that a community is where a bank has branches for the purposes of establishing assessment areas.

This hearing will explore the need to reevaluate that approach which is currently embedded in the CRA regulations. Another major industry change is that activities traditionally conducted within the bank are now being performed through affiliated companies of the bank with mortgages and credit cards being the most typical example. Although some banks elect to include those activities in their CRA evaluations, we're seeking your input on whether the inclusion of affiliate activities should be required to be included in the CRA exam in order to provide a more accurate picture of the bank's overall activities. I also look forward to your input regarding possible revisions to the CRA performance test as well as your thoughts on how well CRA evaluates the adequacy of bank performance in addressing specific financial services needs here in the Midwest.

The last time the agency substantially revised the CRA regulations was in 1995. While the industry is much change in the more than 30 years since CRA was enacted, the transformation even in just the last decade has been astounding. At its core, CRA was enacted to expand access to sustainable credit and banking services to individuals and small businesses in underserved communities. Although much has changed since CRA was enacted this essential purpose remains unchanged, particularly in the challenging economic environment in which we find ourselves today. This hearing gives us the opportunity to discuss how CRA can most effectively help address financial services challenges resulting from the current economic downturn as well as spur revitalization communities here in the Midwest as well as throughout the rest of the country.

The first two hearings that the agencies have held have been very instructive and I look forward to hearing your views on how we can update the CRA regulations consistent with safe and sound banking practices to adapt to the vast changes that have taken place in the financial services industry in recent years.