February 16, 2021

Federal Reserve Board
Via email: regs.comments@federalreserve.gov
Re: Comments on Federal Reserve CRA
ANPR: Docket Number R-1723 and RIN Number 7100-AF94

To Whom It May Concern,

MyPath writes this letter in response to the Federal Reserve Board (Board)'s proposal to reform Community Reinvestment Act (CRA) rules. We appreciate the Board's interest in strengthening the CRA so that banks can better meet the credit and banking needs of low- and moderate-income (LMI) communities and communities of color, including the needs of our BIPOC (Black, Indigenous and People of Color) youth and young adults in California and throughout the country - a population whose particular needs and barriers are often overlooked when it comes to banking and borrowing.

MyPath is a national non-profit that focuses on increasing wealth building opportunities for BIPOC youth and young adults from low income and low wealth communities and decreasing their financial and economic vulnerability. As evidenced by the Federal Reserve Bank of San Francisco's study demonstrating the impact of integrating financial capability in youth employment settings (see below link in Recommendation #3), MyPath's innovative solutions pair youth-friendly financial services with financial education at key touchpoints in the lives of youth and young adults. The MyPath National Youth Banking Standards (NYBS), developed by and with youth, are aligned with the FDIC's Safe Account standards and take them a step further by addressing the particular banking barriers faced by young people. Our NYBS have been adopted by eleven credit unions throughout the country to enable BIPOC youth from LMI communities with access to safe quality banking, saving, and credit building opportunities in order to get on the path to wealth building.

We are writing today to appreciate the Board for refusing to join the Office of the Comptroller of the Currency (OCC) which ignored community voices' public comments, rushed through a harmful CRA rule which will lead to less investment and responsiveness to community need, the very core purpose of the Community Reinvestment Act. We appreciate the board for advancing a more thoughtful data driven process, and the highlighting of key objectives, including: more effectively meeting the needs of LMI communities and addressing inequities in credit, promoting community engagement, and recognizing that CRA and fair lending responsibilities are mutually reinforcing. We urge all three bank regulators to join this process and develop a unified CRA approach.

Black, Indigenous and other youth and young adults of color, many of whom already live in states that have no financial education requirements, are growing up in redlined communities without neighborhood access to nearby banks, bank accounts and credit building opportunities. Though youth are old enough to work, they are not old enough to bank on their own. According to the Fair Labor Standards Act, the legal working age for youth is 14 years old, yet youth cannot bank on their own until they are 18 years old. In other words, we are forcing fourteen, fifteen, sixteen and seventeen year olds without a parent or guardian to serve as custodian on an account (i.e. foster youth, youth whose parent is in ChexSystems or is undocumented and lacking a social security number), to use costly nonbank services like predatory check cashers to cash their first paychecks. We are effectively forcing those minors who can least afford it to forfeit a portion of their income to fees and to be without a safe account where they can store their income. Without banking access as a clear and accessible pathway, BIPOC youth and young adults are left out of the financial mainstream, and denied access to safe and fair banking, saving and borrowing opportunities.

In a [2020 United Nations report](#) (Special Issue on COVID-19 and Youth), one key recommendation is to "Ensure that social protection systems include all young people, with special attention paid to those who are most vulnerable and marginalized, such as homeless youth, youth with disabilities, unbanked youth, etc." With the onset of the COVID-19 pandemic, access to banking has become central to the ability to access stimulus benefits and other employment benefits. The banking needs of BIPOC youth and young adults, who were already more likely to be unbanked and underbanked, must be addressed to ensure their equitable access to banking, saving and credit building opportunities.

Therefore, we are urging all three banking regulators to join this process and develop a unified CRA approach. We highlight the following key principles, which should inform any and all CRA efforts:

1. **Take race and age into account.** The CRA should hold banks accountable to meet the banking and credit needs of young borrowers in neighborhoods of color so that it achieves its Congressional purpose of addressing redlining. As highlighted above regarding the legal working age in contrast to the youth banking age, addressing the banking, saving and credit needs of its younger BIPOC customers (both minor and young adults) and borrowers, along with appropriate data collection needs and reporting to

show increased access will support the fundamental tenets of the Community Reinvestment Act.

2. **Provide CRA credit for banks who provide noncustodial accounts to minors.** Federal and local governments provide funding and support for summer youth employment programs, which engage minors in programs and jobs where they are earning wages, yet many of these youth do not have banking access. Federal, state and local youth employment programs ought to have a fiduciary responsibility to ensure that the taxpayer dollars that resource these programs are appropriately distributed, and not lost to check casher fees, and to provide youth with banking access. The ability to bank is a necessary tool to protect young workers and provide a safe way to cash and store their earnings. Additionally, it is also a critical on ramp to future credit access.

3. **Incentivize banks to participate in innovative partnerships that integrate banking and credit access into youth employment programs**. The CRA should provide incentive structures for establishing partnerships with youth agencies to deliver innovative banking, saving and credit building opportunities to BIPOC youth and young adults. The U.S. Department of Treasury's FLEC (Financial Literacy and Education Commission) published two resource guides in 2017, both designed to highlight the impact of financial capability integration into youth employment programs (Resource Guide for Financial Institutions and Resource Guide for Youth Employment Programs) and to encourage their wider adoption. Additionally, the Consumer Financial Protection Bureau has invested in the Youth Employment Success initiative for several years, an initiative designed to advance the practice of integrating banking and financial education into youth workforce and employment programs. Without incentives, banks will not participate in such programs.

These federally and state vetted rails provide a gateway for youth and young adults to successfully enter the financial mainstream. The CRA credit would incentivize much needed transactional accounts for minors in concert with employment.

3. **Create new community advisory boards with a minimum of 3-5 BIPOC youth and young adult seats (Black, Indigenous, People of Color)**. The Board acknowledges the important role community input plays in ensuring that banks are serving LMI communities and communities of color. Understanding the nuanced barriers BIPOC youth and young adults face when it comes to banking and credit access can best be explained by those experiencing it.

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4. **Expand scrutiny of financial services such as branches and bank accounts.**
The Board does well to highlight the impact that branch and product access can have on bringing people into the financial mainstream and helping them to achieve financial stability and build wealth. As highlighted above, minor youth who are of working age need to be able to manage their own money (i.e.young workers like foster youth who do not have a parent or guardian to help them open an account). Account parameters should be appropriate for the population served. Also, expanding bank branch and account access to LMI BIPOC minors and young adults will allow them to steer clear from predatory high fee check cashers in their neighborhoods.

5. **Expand scrutiny of the financial education provided alongside product uptake.**
There is a concerning increase in BIPOC youth and young adults are becoming victims of financial scams and fraud, particularly as their financial vulnerability increases within the covid economy, combined with their lack knowledge of how banking, third party check deposits and scams operate. Quality financial education is critical to ensure youth and young adults learn how to effectively bank, save and build credit, and safely and successfully manage their financial products.

6. **Ensure banks have adequate money allotted for fraud prevention services in branch.**
Ensure bank staff are well trained on fraud, especially internet scams targeting BIPOC youth and young adults, to thoroughly investigate and determine potential financial scams perpetrated against customers before putting customers into ChexSystems. As with credit card fraud prevention when unusual transaction activity occurs, expand in branch safety measures to have an algorithm to alert tellers of unusual deposit activity.

7. **Consider both quantity and quality of reinvestment** to ensure bank activity adequately serves low- and moderate-income and Black, Indigenous and People of Color (BIPOC) neighborhoods and people, and helps meet local community credit needs. This would include investments to expand the quantity and quality of starter credit building products paired with financial coaching for BIPOC young adults.

While the CRA has generated trillions in investments for LMI communities, there is an investment gap for our nation's BIPOC youth and young adults from LMI communities. Further, CRA rules have set the bar too low for banks by allowing discrimination, redlining, displacement, harm, weak reinvestment, and rejection of community input. CRA rules need to be strengthened to address these concerns.

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Thank you for seeking our input and for your efforts to update the CRA to increase responsible lending and investment in LMI communities and BIPOC youth. To discuss this comment letter, further, feel free to contact me at Margaret@MyPathUS.org.

Sincerely,

Margaret Libby, Founder & CEO
MyPath
cc: California Reinvestment Coalition