

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Description:

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Comment ID: 137529

From: Jennifer Jones

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Subject: R-1723 Community Reinvestment Act

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Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Federal Reserve System,

I appreciate the Federal Reserve Board encouraging public input on ways to modernize and improve the Community Reinvestment Act (CRA). It is time to prioritize addressing widespread systemic racism in our institutions and the legacy of inequality that have created for generations.

An updated CRA that responds to changes in the banking sector-such as the decrease in community-based banks and the evolving ways in which consumers use banks-will have a modest impact unless the evaluation process for banks awards "outstanding" and "satisfactory" grades less frequently than in the past. The current rating system suggests that the banking system is doing a good job meeting the CRA's goals, which is clearly not the case.

We need an evaluation process that more meaningfully addresses systemic inequities in access to credit, expands financial inclusion, and combats redlining, particularly for communities of color and rural communities. As a professional black woman, I find myself constantly worried that I will not be treated fairly by the financial industry because of my race, not my credit score or income.

This means a CRA that includes an explicit focus on racial equity. Data consistently shows that if income is controlled for as a variable, loan denials correlate to race. Examiners should downgrade bank ratings when persistent disparities are found in lending or banking services.

We know that the black/white wealth gap is persistent and has changed little in the last 60 years. Latinx populations also suffer from a substantial wealth gap that hampers community growth and sustainability. It is time that we treat access to housing as a right and a pathway to homeownership as a necessity.

Sincerely,  
Jennifer Jones