

Community Reinvestment Act Final Rule Fact Sheet

October 2023



The Community Reinvestment Act (CRA) became law in 1977 and remains one of the seminal pieces of legislation to address systemic inequities in access to credit. The CRA encourages banks to help meet the credit needs of their entire communities in which they do business, with a focus on low- and moderate-income (LMI) communities, consistent with safe and sound operations. The last comprehensive interagency revision to the CRA regulations occurred in 1995.

The final rule issued by the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency updates the CRA regulations to achieve the following key goals:

- **Encourage banks to expand access to credit, investment, and banking services in LMI communities.**

Under the final rule, the agencies will evaluate bank performance across the varied activities they conduct and communities in which they operate so that the CRA continues to be a strong and effective tool to address inequities in access to credit and financial services. It promotes financial inclusion by supporting bank activities with Minority Depository Institutions and Community Development Financial Institutions and in Native Land Areas, persistent poverty areas, and other high-need areas.

- **Adapt to changes in the banking industry, including mobile and online banking.**

The final rule will update the CRA regulations to evaluate lending outside traditional assessment areas generated by the growth of non-branch delivery systems, such as online and mobile banking, branchless banking, and hybrid models. It is calibrated to recognize the continued importance of bank branches, while establishing a framework to evaluate the digital delivery of banking products and services for certain banks.

- **Provide greater clarity and consistency in the application of the CRA regulations.**

The final rule adopts a new metrics-based approach to evaluating bank retail lending and community development financing, using benchmarks based on peer and demographic data. The agencies will develop data tools using reported loan data that give banks and the public additional insight into performance standards. The final rule also clarifies eligible CRA activities, such as affordable housing, that are focused on LMI, underserved, native, and rural communities.

- **Tailor CRA evaluations and data collection to bank size and type.**

The final rule recognizes differences in bank size and business models. For example, small banks will continue to be evaluated under the existing framework with the option to be evaluated under the new framework. The rule also exempts small and intermediate banks from new data requirements that apply to banks with assets of at least \$2 billion and limits certain new data requirements to large banks with assets greater than \$10 billion.

