

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Opening Remarks: Ellen Lazar

Ellen Lazar:

Hello, I'm Ellen Lazar. I'm a Senior Advisor to the Chairman at the FDIC, and Vice Chairman Gruenberg will be here in a few minutes, but I'll take part by giving his opening address.

We're very pleased to be at this third joint agency CRA public hearing here in Chicago and look forward to listening to all of the distinguished and diverse presenters who are scheduled to testify. The purpose of this hearing, these hearings, as stated in the federal register notice announcing them, is to receive public comments on the Community Reinvestment Act regulations and to solicit views on whether and how the agency should revise the regulations to better serve the goals of the CRA. We appreciate the time that the panelists are taking to give us their detailed perspectives on opportunities for improving these important regulations.

CRA was enacted in 1977; its purpose is to encourage insured depository institutions to help meet the credit needs of their communities, including low and moderate income neighborhoods consistent with the safe and sound operation of the institutions. The four federal regulatory agencies holding these hearing share responsibility for developing regulations, for conducting examinations and for developing public performance evaluations to carryout CRA. There has not been a comprehensive review of the regulation implementing CRA since 1995, as has already been noted. During the past 15 years as is well understood there have been dramatic changes in the financial services industry. We have moved from an industry in which most banks have branches in one state to an industry in which many institutions have branches in multiple states and a number have deposit facilities nationwide.

Some institutions now conduct the majority of their deposit and lending activities using alternative delivery systems such as the internet, and we note that some of these types of institutions are represented here today. The basic purpose of CRA, to expand access to credit and basic banking services on a sustainable basis to home owners, small businesses and consumers in underserved communities, has never been more relevant particularly given the current challenging credit market environment. In light of that as well as the dramatic changes in banking over the past 15 years, it makes sense to consider whether and how CRA could be made more effective.

These hearings are designed to solicit a diverse range of views on the Community Reinvestment Act. Although they are not limited to particular topics the agencies outlined in the Federal Register Notice a broad set of issues on which we are seeking public comment. These include geographic coverage, CRA performance tests and asset thresholds and affiliate activities, which are particularly being addressed today from a very wide range of perspectives. In addition, we have sought small business and consumer lending evaluations and data, access to banking services, community development ratings and incentives and the effective evidence on discriminatory or other illegal credit practices on CRA evaluations. Moreover we have asked people to bring to our attention to particular issues that are most affecting their community's credit needs, stabilization and development. This will help us focus our attention on priorities for reform.

I also want to emphasize that we're encouraging and fully considering written comments which can be more detailed than what we can reasonably discuss at hearings. The comment period for this effort extends to August 31, and we encourage you to send in comments. Thank you.