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Statement on Community Reinvestment Act Proposal
by Governor Michelle W. Bowman

Today, the Board is issuing for public comment a proposed rule implementing the Community Reinvestment Act (CRA). I believe the ensuing process should answer important questions about the costs and burdens of the proposal on banks of different sizes, and whether the overall benefits ultimately outweigh the costs.

Much has changed in the way banks and consumers interact in the 25 years since the Board last significantly modified the rules implementing the CRA. More and more consumers do their banking online or through mobile applications rather than by visiting brick and mortar branches. And, in response to changing consumer behaviors, competition, and technological innovations, more and more banks are offering new financial products and delivering services more quickly and effectively.

Today's proposal contains provisions that will provide greater certainty to banks and communities. Specifically, by proposing to create a list of community development activities that qualify for CRA consideration, banks will be able to know in advance of spending significant time and money whether to engage in those activities. This will improve the effectiveness of the CRA and further its goals.

However, there are several provisions in the proposal that will impose significant costs and burdens on banks, specifically those with assets above \$10 billion. Under the proposal, these banks would have to collect and report extensive new information on deposit accounts, automobile loans, usage of mobile and online banking services, and community development loans and services, as well as detailed information about branches.

While I support issuing the proposed rule for public comment, there are significant unanswered issues posed by the proposal. Fundamentally, we do not know if the costs imposed under the proposal will be greater than the benefits. I urge banks and community groups to comment on the proposed rule to provide information about core issues, such as whether the proposal will result in more or better investments in communities. Comments will better enable the Board, and other agencies, to evaluate how to craft a final rule that addresses these important issues.