

# Essentials of CRA Still Viable and Important

- Affirmative obligation to provide financial services in low and moderate income communities
  - This is about access, not about consumer protection
  - Continuing tightness in consumer and small business credit markets makes this more important than it has been in 20 years
- Consistent with safe and sound operations
  - The quality CRA loans have performed better than other loans made to similar populations—and all major banks but one were making loans to this population directly or through affiliates

# But CRA Needs Updating

- Needs to go beyond banks and thrifts, to at least holding company affiliates that do same thing as banks and thrifts (i.e., lending, transaction services, savings and investment)
- Quality has to be part of evaluation
  - Not substitute for fair lending or consumer protection—those regulatory schemes should be integrated into CRA expectation and exams, but remain on their own
- Get beyond focus on mortgages
  - Small business, community development, non-credit consumer services
- Much of this updating can be done by regulation, does not require statutory change

# Even Harder Issues

- Applicability to different kinds of financial institutions, especially as overall regulatory regime more consistent
  - Within banking sector alone, true community banks, sub-regionals and regionals, mega banks with national geographic presence AND non-bank affiliates, banks with no meaningful geography
  - Holding companies, insurance firms, other types of financial institutions
- Making evaluation match true needs of community, not what others are doing, which may or may not be what's needed

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