



Aug 5, 2022

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System

James P. Sheesley  
Assistant Executive Secretary  
Attention: Comments RIN 3064-AF81  
Federal Deposit Insurance Corporation

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency

**RE: Community Reinvestment Act Modernization Notice of Proposed Rulemaking  
Federal Reserve Bank Docket No. R-1769; RIN 3064-AF81  
FDIC RIN 3064-AF81  
OCC Docket ID OCC-2022-0002**

To Whom it May Concern,

On behalf of Chamber of Progress, a tech industry association working to ensure that all Americans benefit from technological leaps, we appreciate the chance to comment on the Community Reinvestment Act (CRA) Modernization Proposal.

With technological advances and lack of geographic barriers, consumers now have options when selecting where and how to bank. This has caused competition in the industry, which has led to innovation benefitting the American consumer. Financial technology (Fintech) companies partnering with smaller banks have created competition for large bank retail products and services, narrowing the access to banking gap.

Although the CRA proposal aims to adapt to changes in the banking industry, federal agencies should use the CRA modernization effort to consider the role fintechs play with servicing low-to-moderate income (LMI) consumers through bank partnerships and better address challenges in banking retail products and credit faced by un- and under- banked populations.

#### **Fintechs Provide Innovative Products with Small and Intermediate Banks**

Fintech companies deliver products and services for customers nationwide, often reaching banking deserts. These digital and user-friendly products align with the core mission of the CRA, yet are excluded in the current framework. Fintechs offer banking products and services with banks already subject to the CRA and should not be subject to completing individual requirements.

However, the new framework should clearly acknowledge the contributions fintechs partnering with banks make towards increasing consumer access, with an emphasis on serving the un- and under- banked. Because fintechs tend to be startup companies, the CRA should incentivize small

and intermediate banks to collaborate with them to increase product reach for LMI communities.

### **Evaluating Product Effectiveness for Marginalized Consumers**

The CRA is directed at increasing access to banking services to LMI individuals and communities, which include the un- and under- banked populations; however, the proposal misses the chance to expound on specific barriers these communities face. The heaviest weight in the CRA framework applies to the Retail Lending Test, which is focused on providing auto loans, mortgages, small farm and business loans to individuals with established credit profiles and secure financial situations.

These types of loans are often inaccessible to consumers with subprime or no credit, who use smaller consumer loans that are included in the Retail Services/Product category. Increasing the weight on the Retail Services/Product evaluation will incentivize larger banks to prioritize offerings like credit, deposit and other digital products that foster financial inclusion to marginalized communities.

Additionally, small and intermediate banks are critical to meeting the local needs of their communities, and they have a greater awareness of challenges to providing banking services for the underserved. Under the proposal, these banks are not required to be evaluated on their retail services and products, resulting in a lack of incentive to address the retail banking needs of LMI communities. This leads to a dearth of information on the usage and effectiveness of the fintechs these banks partner with, along with their other digital banking offerings. Retail banking products should be better incentivized, and related information should be collected and evaluated for the CRA to achieve its mission of providing impactful products and services to communities that need it the most.

As the banking industry becomes digital and increasingly mobile, the new CRA framework should adapt to meet the needs of the modern consumer. By acknowledging bank-fintech partnerships and tracking the progress of fintechs, the updated CRA framework will be successful in including retail products and services that are increasingly fostering financial inclusion.

Expanded testing and data evaluations from small and intermediate banks like rural banks and minority depository institutions (MDIs) will help federal agencies determine the effectiveness and impact of retail products and services in the CRA. These suggestions will increase the accessibility of banking for communities in need and better serve populations who are underbanked.

Sincerely,



Janay Eyo  
Director, Financial Policy  
Chamber of Progress