Wealth-building through the Community Reinvestment Act

Problem: Established in 1977, the Community Reinvestment Act (CRA) requires banks to meet the credit needs of the communities where they do business. The CRA was imagined to be the main vehicle to address the generations of discriminatory lending practices known as redlining and bring vital investment into communities that were systematically excluded from wealth generation. Despite this, discrimination in lending persists today and consumers of color are still dramatically underserved. Federal regulators score banks based on their lending, services, and investments. There are no benchmarks for banks in facilitating the wealth-building of people of color.

Proposal: While defending the CRA is critical, what do we imagine it should be to serve people of color? To start, strengthening the exams to be data-driven and performance-based to increase banks' responsibility to produce outcomes that build the wealth of people of color in the communities they serve. Additionally, we must also ensure that geography remains the focus of CRA exams for all banks, so that banks don't ignore the credit needs of communities of color.

WHAT DO YOU THINK?

- What should banks be accountable for to gauge their facilitation of the wealth-building of people of color?
- What is the data banks need to provide to hold them accountable?
- What should be the recourse if they don't meet those standards?
- Should banks be required to demonstrate homeownership outcomes for people of color through the CRA?
- What metrics should banks be tracking to demonstrate that they are not exacerbating gentrification through any programs?