

Acting Comptroller of the Currency Michael J. Hsu
Statement in Support of the Final CRA Rule
FDIC Board Meeting
October 24, 2023

I strongly support the finalization of the interagency rule implementing the Community Reinvestment Act (CRA). The CRA was enacted in 1977 to prevent redlining and to encourage banks and savings associations to help meet the credit needs of all segments of the communities in which they operate, especially low- and moderate-income (LMI) neighborhoods and individuals. By modernizing and strengthening the CRA, the final rule brings us one step closer to fulfilling its promise.

The final rule modernizes the CRA by recognizing banking activities that take place beyond physical branches and ATMs, being significantly more data driven and objective, and providing for greater transparency. The final rule strengthens the CRA by addressing concerns related to “grade inflation” in CRA ratings, and by better incentivizing CRA lending and investments in LMI communities.

The final CRA rule is also responsive to the commenters. For instance, the final rule lengthens the transition period and realigns the balance between retail and community development activities. The final rule also reduces undue burden on banks and recognizes differences in bank size and business models.

Robust implementation of this new CRA rule will strengthen trust in the banking system. Since the 2008 financial crisis, banks have worked hard to reestablish trust with consumers and communities. While there is still work to do, the industry’s performance during the pandemic, in particular banks’ facilitation of PPP loans, gave many consumers and small businesses a renewed sense that their bank understands and will be there for

them. Strong support for this modernized and strengthened CRA will reinforce that sentiment and further bolster trust in the banking system.

Expanding financial access and inclusion for low-and moderate-income communities is essential to ensuring that the country's financial system serves all Americans. I am proud that the FDIC, OCC, and Federal Reserve have come together to jointly issue this final rule to strengthen and modernize the Community Reinvestment Act.

Finally, I want to express my deep gratitude and thanks to the many staff who worked on this rule and have dedicated their careers to promoting fairness in banking. They are some of the most committed public servants I know, and they should be proud of today's achievement.