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Trump Administration Financial Regulator Lowers the Bar for Banks to Meet Community Reinvestment Requirements

New Rules will Hurt Latino, Working Class Communities Hardest Hit by Current Economic Crisis

(WASHINGTON DC & SAN ANTONIO, TX) – Despite widespread and well-documented concerns from consumer advocates, community development practitioners, large portions of the banking industry and Members of Congress, the Comptroller of the Currency, Joseph Otting, announced a [Final Rule](#), implementing changes to the Community Reinvestment Act (CRA) regulation that will reduce investment in low- and moderate income communities – and then abruptly announced his resignation. This was the culmination of a highly controversial and, at times, bizarre rulemaking process in which the Office of the Comptroller of the Currency (OCC) took the unprecedented step of finalizing this rule without the concurrence of the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC), creating inconsistency among these three key bank regulatory agencies and ensuring uncertainty for the banking industry about whether the rule will be overturned by a future Administration or Congressional action.

The CRA is a 1977 federal law passed in response to discrimination or “red-lining” in the banking industry which, for more than forty years, has required banks to responsibly meet the credit needs of low- and moderate- income households in the communities where they do business.

“This change to the CRA regulation will result in less investment in low- and moderate-income communities. The changes made between the Proposed Rule and the Final Rule are a tacit admission that the original proposal was deeply flawed and the resulting haphazard and confusing rule must be repealed as soon as possible.” said Noel Poyo, Executive Director of NALCAB. “The OCC’s decision to move forward without the Federal Reserve and the FDIC, followed by the Comptroller’s abrupt resignation, amounts to slinking out the back door after the extraordinary meltdown of this rulemaking process.”

Federal Reserve Governor Lael Brainard and FDIC Chairwoman Jelena McWilliams each deserve credit for attempting to engage productively in this rulemaking process and for wisely withholding their concurrence when it became clear that the Comptroller’s approach was unsupportable. Based on more than a decade of work by Federal Reserve staff and wide-ranging public input around the concept of CRA reform, Fed Governor Lael Brainard made a speech in January 2020 that articulates a way forward on CRA and reflects a balance of input from industry and community-serving organizations.

Mr. Otting was controversial since first being nominated by President Trump. The Comptroller described banks as the OCC’s customers and placed more emphasis on how CRA affects banks than how it meets the credit needs of consumers and strengthens communities. His public statements have often reflected an intent to minimize public input while amplifying special interests within the financial services industry.



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This is the latest in a series of actions by Trump Administration financial regulators that ignore broad public consensus and advance special interest. In June 2019, Director of the Consumer Financial Protection Bureau, Kathy Kraninger suspended the 2017 rule that limited abusive practices by payday lenders, after millions of dollars in contributions were made to the Trump campaign and associated SuperPACs.

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About NALCAB

NALCAB is a national, nonprofit membership organization and U.S. Treasury-certified CDFI with a mission to strengthen the U.S. economy by advancing economic mobility in Latino communities. With offices in San Antonio and Washington DC, NALCAB achieves its mission by strengthening and coordinating the capacity of the more than 120 nonprofits in its national member network to deploy capital, and by influencing investors and policy makers with research, advocacy and technical advice.