

Treasury Releases Community Reinvestment Act Modernization Recommendations



April 3, 2018

Washington – Today the U.S. Department of the Treasury released recommendations to modernize the Community Reinvestment Act (CRA). The recommendations were issued to the primary CRA regulators, the Office of the Comptroller of the Currency, the Federal Reserve Board, and the Federal Deposit Insurance Corporation. Treasury’s objective in developing these recommendations is to better align CRA activity with the needs of the communities that banks serve, while being conducted in a manner consistent with a bank’s safety and soundness.

“Forty years since the passage of CRA, it is time for modernization to fit today’s banking landscape and community needs,” said Treasury Secretary Steven T. Mnuchin. “Our recommendations will improve the effectiveness of CRA by enhancing the assessment and examination process, enhancing the ability of banks to deliver services in the communities they serve while considering technological advances in the financial industry.”

Treasury’s recommendations include:

- Updating the definitions of geographic assessment areas to reflect the changing nature of banking arising from changing technology, customer behavior, and other factors;
- Increasing clarity and flexibility of CRA examinations to increase transparency and effectiveness of CRA rating determinations;
- Improving the examination process to increase timeliness of evaluations and increasing accountability for banks’ planning of their CRA activity; and
- Incorporating performance incentives to better serve the CRA’s intended purpose of encouraging banks to meet the credit and deposit needs of their communities. Treasury’s recommendations will incentivize bankers to do more for low- and moderate-income communities, especially in cases where the bank has underperformed in prior assessment

periods.

[View the memorandum of recommendations](#)  .

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