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Good morning and thank you for the invitation. My name is Santiago Sueiro, Senior Policy Analyst at UnidosUS, formerly the National Council of La Raza—the nation's largest Hispanic[1] civil rights and advocacy organization.

Through its unique combination of expert research, advocacy, programs, and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers at the national and local levels. For more than 50 years, UnidosUS has united communities that share a desire to make our country stronger. From Ohio to South Carolina, small towns in Texas and Florida to big cities along the coasts, our Affiliates—local community-based organizations that directly serve the Latino population—are as geographically diverse as the members of this Committee.

UnidosUS publishes reports, provides testimony, and advocates on policies that protect consumers, make financial services more inclusive, and improve the financial well-being of working-class people and the Latino community. For example, we supported $350 million in funding for the Community Development Financial Institutions Fund (CDFI Fund) in the latest federal budget, alongside policies to protect consumers in the financial sector, improve pathways to becoming fully banked or build credit, and lower barriers based on language differences to the financial mainstream.

Earlier this year, we testified before the House's Financial Services Subcommittee on Financial Institutions and Monetary Policy in a hearing focused on financial regulations. Our research and analysis include publications such as *Banking in Color: New Findings on Financial Access for Low- and Moderate-Income Communities (2014)*; *The Future of Banking: Overcoming Barriers to Financial Inclusion for Communities of Color (2019)*; and *Latinos Banking and Credit Survey: Arizona, California, Texas (2022).*

We are grateful for this opportunity to testify before the Senate's Committee on Banking, Housing, and Urban Affairs on topics related to fees in financial services, the impact on consumers, and the Consumer Financial Protection Bureau's efforts to address these fees.

Working-class people, people of color, and Latinos find themselves on a positive economic trajectory, but many metrics paint a mixed picture for households. It is critical that Congress seek to fully understand the economic costs of maintaining an inequitable financial system in this uncertain moment. Congress and financial institutions can make practical progress towards a more equitable and inclusive financial system by following these three principles:

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[1] The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout our materials to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race. Our materials may also refer to this population as "Latinx" to represent the diversity of gender identities and expressions that are present in the community.

- Policymakers should respect recent efforts by financial regulators to create more transparency, and improve financial inclusion and affordability in the marketplace while supporting innovations that better meet the needs of working-class people.
- Financial institutions should reimagine the relationship between themselves and consumers to promote customer loyalty and reduce costs.
- Democratic structures, which provide a more meaningful role for working-class communities in banking policy decisions, can improve outcomes for everyone.

Below, we first present an overall picture of the gaps and bright spots in consumers' financial lives, including the gains and continuing challenges with the financial system such as those with credit card late fees and overdraft fees. Next, we highlight the three overarching principles above, explaining how applying them could consolidate gains made over the past few years and drive progress towards a more fair, affordable, and inclusive financial system.

Working-class people, people of color, and Latinos experienced some economic gains over the past few years, but challenges and disparities persist.

The past few years have seen economic gains in higher employment levels and wages, lower inflation, and increasing wealth. The overall unemployment rate is at a near historic low of 3.9%, with slightly higher rates for Black (5.6%) and Latino workers (4.8%).[1] Workers in the bottom wage quartile saw their annual wages increase by more than 4% per year since 2020 and overall wages increased as much as 6% in 2023 alone.[2]

At the same time, inflation is decreasing to near pre-pandemic levels, allowing consumers, including Latinos, to improve their purchasing power. As of April 2024, inflation was at 3.5%—down from a high of 9% in 2022—and nearing the Federal Reserve's 2% target.[3] Real wages (wages after adjusting for inflation) increased for over 12 consecutive months and lower-income segments are experiencing the fastest growth. Though many households are still struggling, real wages increased by more than 1%[4] since January 2023, and that increase was more than 3% for low-income workers.[5]

Lower-wealth groups also made gains in their net worth over the past few years. Latino wealth grew by 38% to $61,000 between 2019 and 2022 and Black wealth grew by 66% to $45,000 during that same period.[6] However, the economic and racial wealth divide remains a concern, with White families' median wealth at $287,000. Notably, the top 10% of households owned $6.5 million in assets, while the bottom 50% of households averaged only $50,000 in wealth.[7]

Despite gains in wealth, working-class people, people of color, and Latinos also are experiencing significant economic difficulties. For example, the poverty rate remains higher than was the pre-pandemic rate of 10.5%—at 11.5%, it represents 38 million people. The poverty rate for Black people reached a historic low of 17.1% in 2022, but among Latinos it remains higher than the pre-pandemic period, when it was 15.7%, and still hovers at 16.9%.[8]

The high cost of housing is also a major cause for concern. Last year, the overall cost of housing increased by 4.6%.[9] and new findings show that 42 million households are cost-burdened (*i.e.*, they spend more than 30% of their income on housing), which is the highest rate recorded since 2015.[10] More than 70% of households earning less than $30,000 are cost-burdened, and roughly 40% of Black and Latino households are so.[11] Comparatively, just 10% of households making more than $75,000 are cost-burdened.[12] Skyrocketing housing costs have also pushed more people into homelessness, growing to a record high of 650,000 last year. Of this population, some 28% are Latino, and 37% are Black.[13]

Total debt is also increasing to concerning levels, putting financial pressure on working-class households. Last year, total household debt reached a new high of $17.29 trillion. Credit card debt is a major driver of the increase, rising by $143 billion last year to the highest level on record (more than $1 trillion).[14] Working-class consumers and people of color have less access to credit, but those who do have a loan are more likely to carry debt than are White and wealthier consumers, and their debt burdens increase at a faster rate.[15]

These financial challenges contribute to how families are feeling about their economic situation. Last fall, we conducted a national poll of 3,000 Latino voters, in which we asked them to identify the most important issues elected officials should address. Inflation and the rising cost of living was the top concern that respondents listed, and the high cost of basic living expenses was a major factor in this concern.

The second highest concern was related to jobs and the economy, with low wages as a driver.[16] Last year's Survey of Household Economics and Decisionmaking (SHED) from the Federal Reserve dramatically illustrates how working-class people are feeling, for Latinos in the survey, the number of people who say they are doing well financially decreased by 7% in comparison to the prior year.[17]

While there are a few bright areas in which economic progress is being made, lower-income people and communities of color continue to struggle. And even these gains could be short-lived if we fail to learn the policy lessons about what worked to lift families and children out of enduring poverty. With the expiration of the pandemic-era supports for households (including the expanded Child Tax Credit), backsliding could mean that many will fall into economic distress or even deeper distress. That is why, in addition to immediately enacting an expanded Child Tax Credit, policymakers should support common-sense consumer protections to ensure our financial institutions provide everyone with the tools they need to thrive.

Economic gains paved the way for budding improvements in financial inclusion and equity in banking, but significant disparities persist.

Over the past few years, the financial system made important advancements to reduce costs and improve financial inclusion. A 2022 study by Bankrate found that overdraft fees had fallen to their lowest level in 13 years, and that the average amount charged fell 11%, to $29.80.[18]

This drop comes after years of efforts by industry, consumer advocates, policymakers, federal agencies (including the Consumer Financial Protection Bureau and Federal Trade Commission), to understand the adverse consequences of high overdraft fees and ways to reduce them.[19] The changes are paying dividends for customers: the CFPB recently reported that overall overdraft revenue decreased by nearly 50% in 2022 in comparison to 2019.[20]

Since 2021, several financial institutions have lowered or eliminated overdraft fees:

- Financial technology companies, such as Chime and Ally Bank, eliminated overdraft fees in 2021.
- Large banks reduced their overdraft fees. For example, Bank of America lowered fees to $10,[21] Huntington National Bank and Manufacturers and Traders Trust Company lowered fees to $15 per overdraft, and Citi eliminated overdraft fees altogether.[22]

We also made progress in reducing the unbanked population over the past few years. The latest survey of underbanked and unbanked people by the Federal Deposit Insurance Corporation (FDIC) found the unbanked rate had fallen to a near-historic low of 4.5%. The FDIC attributes this progress to COVID-era government benefits and programs that provided essential funds for households and families. These programs included the expanded CTC, COVID stimulus payments, and enhanced unemployment insurance, which appear to have helped unbanked consumers better afford the cost of opening and maintaining an account.[23]

Further, a small but increasing percentage of companies now charge no late fees or offer products with increased flexibility for late payments. Most smaller banks and credit unions currently charge a maximum credit card late fee of $25 or less, however almost all of the largest credit card issuers charge higher late fees.[24]

Finally, many financial institutions are making progress in providing inclusive and low-cost small dollar loans to consumers. The table below lists examples of small dollar loan products that financial institutions currently offer. These products are low-cost, viable alternatives to overdraft or the higher-cost loans available to working-class consumers.[25]

Table: Examples of Small Dollar Loan Offerings[26]

Product name	Issuing bank	Loan size range	Speed of access to funds	Term to repay	Payment structure	Pricing
Balance Assist	Bank of America	$100–$500	Within minutes	3 months	Equal monthly payments	$5
Standby Cash	Huntington Bank	$100–$500	Within minutes	3 months	Equal monthly payments	Free if autopay; 12% APR if not

Protection Line of Credit	Regions	$50–$500	Within minutes	No fixed term	Minimum 10% of balance (min. $5)	12% APR
Cash Reserve	Truist	$5–$750	Within minutes	4 months	Equal monthly payments	18% APR
Simple Loan	U.S. Bank	$100–$1,000	Within minutes	3 months	Equal monthly payments	$6 fee per $100 borrowed
Flex Loan	Wells Fargo	$250–$500	Within minutes	4 months	Equal monthly payments	$250 for $12 flat fee or $500 for $20 flat fee

Many financial institutions are moving into these products, presumably in recognition that some consumers who overdraft lack access to affordable credit and thus rely on overdraft to help make ends meet or smooth income flows over time. These types of small dollar loans represent an encouraging shift in thinking by financial institutions that are increasingly seeing a clear business case for organizing around the economic circumstances of working-class consumers and creating programs with lower costs and more flexibility.

Despite such positive developments, working-class people, people of color, and Latinos too often continue to experience a lack of access of financial services and pay higher costs and fees than others when they do use them. The two largest types of fees, by volume, are overdraft fees and credit card late fees.

The data are clear that working-class people and people of color are disproportionately impacted by overdraft fees. The Financial Health Network concluded that lower- to moderate-income households are nearly twice as likely to overdraft as higher income households.[27] The report finds that Black and Latino households are also about twice as likely to be charged overdraft fees than are White households. For bank account product fees overall, Latinos pay, on average, $14 per month for ATM, overdraft, and routine service charges on their checking accounts, while Black account holders pay $12 a month. In contrast, Whites pay an average of $5 per month.[28]

Working-class people and Latinos also are disproportionately impacted by credit card late fees. A 2022 study by the Boston Federal Reserve found that those making $50,000 or less a year are 5% more likely to pay a late fee than those making more than $100,000 annually.[29] Additionally, a 2022 CFPB report found that consumers living in the poorest neighborhoods in the U.S. paid

twice as many late fees as those living in the wealthiest areas.[30] An UnidosUS study from 2022 underscored this finding, as 19% of Latinos paid a credit card late fee in the prior year.[31]

Higher fees and costs also impact Latino consumers in the car buying process.[32] For example, Blacks and Latinos are sold multiple "add-ons" that generally do not increase the value of the vehicle almost twice as often as are White consumers.[33] Furthermore, an FTC study from 2021 found reports of auto dealers making enticing claims to Limited English Proficiency (LEP) consumers in Spanish that later concealed additional material terms, such as fees, presenting them only in English.[34]

The effects on consumers of excessive fees can be serious. Studies show that individuals who overdraft frequently use high-cost loans from payday lenders and loan sharks to pay overdraft fees, trapping them in cycles of debt.[35] Consumers who pay the most in bank fees also face high rates of involuntary account closures.[36] Such closures can push consumers out of the financial mainstream and reinforce banking inequities. The fees for deposit accounts are frequently cited in studies as one of the leading reasons for the unbanked to lack an account.

According to the Federal Deposit Insurance Corporation (FDIC), high costs and fees make up three of the top five reasons that unbanked people cannot access a bank account.[37] A 2022 survey we conducted of 1200 Latinos similarly found that such costs and fees are two of the three leading reasons that Latinos cannot access a bank account.[38] The unbanked are disproportionately lower-income and Latino: more than 9% of those making less than $30,000 are unbanked, compared to 0.6% of those making more than $75,000, and 9% of Latinos are unbanked, compared to 2% of White consumers.[39] The fees also have implications for access to credit for unbanked and marginalized populations. FDIC's survey found that only 9% of the unbanked have a credit card or personal loan, compared to 72% of the total population.[40] Moreover, just 49% of Black households and 60% of Latino households have a credit card, compared to 78% of White households. Our 2022 survey found that only 56% of Latinos had a credit card and only 37% of those making less than $29,000 a year had a credit card, compared to 68% of those making more than $50,000 a year.[41]

Finally, racial and ethnic minorities continue to face undue barriers to accessing credit compared to Whites with precisely the same financial data. In 2022, the FDIC found meaningful differences in loan denial rates between groups of different races and ethnicities.[42] Even after controlling for credit scores, income, debt, and loan value, the study showed that Blacks and Latinos are considerably more likely than are Whites to be denied a loan and the disparity grows for those with lower credit scores. Notably, immigrants and those who speak English as a second language face additional barriers, as many financial institutions fail to accept Individual Taxpayer Identification Numbers (ITINs), alternative forms of identification, or to provide adequate or comprehensive language access services.

The CFPB's credit card late fee rule will improve the affordability of credit. Credit card late fees currently total more than $14 billion per year with the average late fee amounting to $32. The

CFPB's rule would lower late fees to $8, and is projected to save consumers more than $10 billion a year, or $220 a year for the average credit card holder.[43]

The rule will disproportionately help working-class consumers, people of color, and Latinos. However, many are concerned that the rule may constrict access to credit for consumers and lead to more late payments because higher late fees act as a deterrent for late payments. We explore the following issues concerning the credit card late fees rule and how it will ultimately benefit consumers:

- Late fees are common among working class consumers, people of color and Latinos.
- Late fees have a detrimental effect on financial health and access to credit.
- Late fees do not effectively deter late payments and undermine the relationship with borrowers.

First, affordable credit is an important ingredient towards building the financial well-being of consumers. For low-income people and Latinos, a credit card can serve as an important tool to withstand dips in income or unexpected expenses, purchase assets, or build credit scores. In the wrong circumstances, however, poorly managed or expensive forms of credit can cause lasting adverse effects for Latino consumers. The prevalence and scale of late fees serves as an example of how credit can contribute to adverse impacts on the financial well-being of consumers.

Working-class consumers, people of color, and Latinos pay disproportionately high late fees. Those making less than $50,000 or less a year are 5% more likely to pay a late fee than wealthier consumers.[44] And, consumers in the poorest neighborhoods pay twice as much on average in total late fees than those in the richest areas.[45] Consumers in majority-Black areas pay more in late fees than majority-White areas.[46] Recent data shows that 11% of Black people with a credit card paid a late fee in the last 12 months, while 5.3% of Latinos paid a late fee and 4.4% of Whites paid a late fee.[47] Alarmingly, a forthcoming study to be released by UnidosUS in May 2024 found that that 25% of Latinos paid a late fee.

Further evidence suggests that a small group of people are paying a disproportionately high amount of late fees. The CFPB found that, "consumers with super-prime scores hold 59% of card accounts but pay only 21% of late fee volumes; by contrast, consumers with deep subprime scores hold about 6% of card accounts but generate 24% of late fee volumes."[48] People with deep subprime and subprime scores are disproportionately people of color: data show that 54% of Blacks and 41% of Latinos report having no credit or a poor to fair credit score, compared to 37% of Whites.[49]

Second, late fees are detrimental to financial well-being and access to credit. The accumulation and high costs of late fees has negative consequences on the financial well-being of consumers and impedes access to credit. Late fees make it harder to get an account out of delinquency and increase the chance of losing an account. Delinquency rates are rising, with the Federal Reserve Bank of New York finding that credit card delinquencies rose more than 2% in 2023 with 8.5% of all credit card debt balance in delinquency.[50] With more low-income people and people of

color now carrying balances and delinquency rates rising, these groups are now more at risk of falling behind on payments and losing access to an important source of credit. High late fees may also prevent people from obtaining credit. For example, the Morning Consult found in 2019 that 41% of people who do not have a credit card cited high fees as a reason for not obtaining credit.[51]

The impact of reducing late fees on the availability of credit can be better understood by studying implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act). The CARD Act banned credit card companies from charging excessive penalty fees and established clearer disclosures and consumer protections including capping late fees to $25 for first late payment, and $35 for subsequent late payments.

A 2013 study by economists at the National Bureau of Economic Research found "no evidence of an offsetting increase in interest charges or a reduction in volume of credit" in the years after the CARD Act was implemented. Instead, the study discovered a reduction in late fees, especially for those with lower credit scores, leading to a reduction in overall costs of 2% for all consumers and a bigger reduction of 6% for consumers with FICO scores below 660.[52] The study also found that the fee reductions mandated by the CARD Act saved US consumers $12.6 billion a year since 2010.[53]

Third, late fees are not an effective deterrent for late payments. The evidence demonstrates that while late fees may have some deterrent impact for late payments by some consumers, the same logic does not apply to lower-income consumers and those experiencing a financial shock. A 2017 analysis of consumer behavior by economists at Washington State University found that if consumers face a financial shock, late payments cannot be deterred even when the penalty is high. The study data showed that 42% of consumers missed a bill payment because they lacked the funds to make a payment.[54]

The study did find evidence that those with the means to make payments but are forgetful or busy could be deterred to miss payments by a fee. However, those who lack the means to pay will not be deterred from a late payment by a late fee, no matter the size of that fee. The study also found evidence that credit card companies will charge higher penalties to consumers who they know are likely to experience a financial shock if the legal limit permits a higher penalty.[55]

Lowering the late fee to $8 is not the only deterrent to a late payment. For example, missing a payment negatively impacts a consumer's credit score, creditors can also lower a consumer's credit limit, reduce the cardholder's earning or redemption of rewards, and/or impose penalty rates.[56] Consumers are aware of the various negative consequences of missed payments, including lower credit scores. Lowering the late fee to $8, as in the CFPB rule, will make it easier for those who experience a financial shock and are struggling financially to find a way to make their future payments because their debt burden will be more manageable.

Policymakers should follow three guideposts towards a more equitable banking system.

Both new regulations and long-standing consumer protections are important to ensure a more inclusive financial system. As we explain previously, the high costs of deposit accounts and credit can limit participation in the financial system and financial services. Yet incentives to achieve financial inclusion should also spur innovation to meet consumer needs.

Financial institutions have an opportunity to build trust with communities of color and lower-income households by rethinking their relationship with consumers, and prioritizing longer-term investments and steps that build customer loyalty. In this way they can find solutions that work both for their business model and consumers, including those who cycle unproductively in and out of the banking system due to affordability concerns. Finally, a meaningful role for communities both within financial institutions and as partners can build trusting relationships, improve products and services, and help to create a more equitable banking system.

First, policymakers should support both consumer protections and market-driven innovations and approaches.

Regulators such as the CFPB play a critical role in securing a fairer marketplace for all consumers. When the CFPB was established following the 2008 financial crisis, millions of people had lost their homes. People of color were disproportionately impacted: Latino households lost 66% and Black households lost 53% of their wealth between 2005 and 2009, compared to White households, which lost 16% of their wealth.[57] Congress established the CFPB as a reaction to the financial crisis, making it responsible for coordinating and creating consumer protections so that everyone, including working-class and people of color, can benefit from a fairly functioning marketplace for financial services.

The CFPB is charged with enforcing laws that address discrimination and unfair treatment related to financial products, including the Equal Credit Opportunity Act and Truth in Lending Act. Through its rulemaking, supervision, and enforcement authorities, the Bureau works to stop harmful financial practices that contribute to the economic and racial inequality, including bringing more than 300 enforcement actions resulting in $3.7 billion in penalties for fair lending law violations alone. While these are steps towards creating a more inclusive and equitable banking system, financial institutions should continue to innovate to ensure that they are reaching marginalized populations and providing innovative products to meet their real-time needs.

One example of this kind of innovation is simple and often overlooked. Bank On certified accounts are an example of a viable market solution to address inclusion and equity while providing financial institutions with a tool to meet customer needs. The Cities for Financial Empowerment Fund (CFE) created and established Bank On account standards to encourage financial institutions to offer products with equitable account features such as no minimum balance requirement, no overdraft fees, and no or low fees of any kind.[58] These accounts are offered by hundreds of financial institutions and at more than 45,000 bank branches across the country.[59]

Despite the availability of Bank On products, evidence suggests that increases in income during the pandemic are the primary drivers for unbanked consumers to be able to acquire bank accounts. And there are signs that the unbanked rate is increasing as pandemic-era programs expire. While financial institutions have displayed a willingness to provide Bank On products to consumers, they are often insufficiently marketed, and more can be done to connect these products with under- and un-banked households.

Policymakers should support financial institutions to be creative about how to reach the unbanked. Agencies can incentivize these efforts through capital investments, such as the Community Development Financial Institution Fund (CDFI fund), or as an evaluation during mergers and recertifications as occurs under the Community Reinvestment Act (CRA).

As this suggests, policymakers should explore new and creative ways to incentivize financial institutions to reach marginalized populations and develop solutions, including financial products that working-class and Latino communities need.

Second, financial institutions should reimagine the relationship between banks and consumers to promote customer loyalty and reduce costs.

Rather than increasing fees, some financial institutions are instead offering tools that provide consumers with affordable and flexible credit terms in conjunction with lower fees. Safe and affordable small dollar loans, such as those described in the chart above, can help protect working-class consumers and Latinos from all manner of unforeseen expenses and fluctuations in income. Such offerings also produce long-term benefits for both financial institutions and consumers by building better relationships over time.

Lowering fees and offering products that meet the financial needs of lower-income people and marginalized consumers can build trust and loyalty among those consumers. If consumers see that their financial institution is willing to be flexible and meet them where they are, they will in turn be more likely to remain loyal to the financial institution and will be likely to use more financial products as they improve stability and grow economically.

Recent research by Pew Trusts shows that consumers look at financial institutions more favorably if they reduce or eliminate overdraft fees. They also find that consumers would look at financial institutions more positively if they offered affordable small-dollar loans to people with low credit scores.[60] Lower-income people, immigrants with ITINs, and LEP consumers also need access to lower-cost and high-quality financial products to help build their financial well-being and are a largely untapped market with tremendous promise.

Further, smaller financial institutions and those with greater difficulty accessing capital, such as Community Development Financial Institutions (CDFIs), low-income credit unions, and Minority Depository Institutions (MDI), should receive additional supports to be able to adopt these best practices. While these institutions already subscribe to this approach, they could reach more consumers through programs like the CDFI Fund, which provides capital to mission driven

financial institutions, or deeper public or private investments. From a consumer perspective, it would be ideal to ensure that there are meaningful opportunities across a range of financial institutions, including banks and credit unions that are already connected with and support lower-income and marginalized consumers.

Third, democratic structures can make our banking system more equitable.

Public policy can also help to make the financial system more equitable by ensuring that lower-income people have a meaningful voice in institutional decision making. This goal can be advanced both by growing community-owned institutions and by expanding democratic structures to elevate communities in financial decisions that affect them.

Credit unions are the most prevalent community-owned financial institution. They are structured as member-governed nonprofit cooperatives that enable community members to vote for and sit on the institution's board of directors. They also generally offer reasonably priced financial products and provide inclusive products and services. Some credit unions, especially those that are also CDFIs and/or MDIs, serve the needs of undocumented immigrants by accepting ITINs, offer services in different languages, and install branches in communities with few banking services.

These institutions, however, have far fewer resources than traditional banks. There are currently 4,645 credit unions in the United States with combined total assets of $2.23 trillion,[61] 1,480 CDFIs have over $452 billion dollars in assets.[62] And MDIs, which are owned by people of color, total just under 150 with $320 billion in assets.[63] Comparatively, the banking sector has combined assets of nearly $23 trillion.[64]

Regulations that give community members more influence in banks' decision-making processes can also improve the banking system. For example, federal regulators could require that banks meet with community advisory committees to allow lower-income communities to voice their needs directly to decision-makers within financial institutions. A community advisory committee could be empowered to negotiate institutional commitments to improve banking practices if a community is overburdened with overdraft fees or is failing to receive a fair share of lending and investment.

Furthermore, regulators and Congress can also give community-based groups the ability to grade a financial institution's performance in a Community Reinvestment Act (CRA) examination. Bank regulators recently updated the CRA, making significant changes to certain aspects of the program but disappointingly did little to improve the ability for communities to provide feedback during evaluations.

Some financial institutions have called for a "race to the top" business strategy as the path forward for the banking sector. Investing in low-income people by providing affordable and high-quality products will allow banks and communities to grow together. If we create a banking system built on trust and loyalty, and one that invests in the longer-term potential of

working-class people, people of color, and Latinos, we will be one step closer to creating a fair, inclusive, and thriving economy.

We are grateful that the Senate Committee on Banking, Housing, and Urban Affairs is taking up this issue, and look forward to your questions.

Notes

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