



September 7, 2023

[CEO Name and address]

Re: *Discrimination, consumer financial abuse, disparate access to credit and climate change: community groups seek clarity on bank positions*

To [CEO name],

The undersigned one hundred and one (101) California, national, and state and local community organizations write to you with a sense of urgency. In recent years, especially in the wake of the murder of George Floyd, a number of banking institutions have made positive statements about, and public commitments to, anti-discrimination principles, consumer protection, racial and gender equity, and community health and investment.

And yet, more recently, we are dismayed to see banking trade associations take lobbying and litigation positions that are at odds with these bank pronouncements and commitments, and that are at odds with the values we hold. We have raised these concerns with a few institutions and have heard that individual banks do not control associations. As such, we write to you seeking clarity.

Rise Economy is a member-led alliance creating systemic change and economic justice for BIPOC and low-income communities. Rise Economy is building a powerful movement for economic justice, focused on knocking down the historical barriers Blacks, Latinos, and other People of Color have faced in building generational wealth.

Banks have an outsized impact on communities – for better and for worse. Bank engagement with local organizations and commitment to lend and invest in low- and moderate-income neighborhoods of color can provide a huge, positive lift to communities. Yet, we have also seen where bank actions - such as a failure to lend or invest in BIPOC owned small businesses, gouging of consumers with high fees, redlining entire



neighborhoods or financing fossil fuel companies - can cause immense harm.

Aside from their lending, investing and retail operations, banks can have perhaps an even larger impact on LMI and BIPOC communities through their efforts to impact policy. We have seen over the years how important federal and state measures - such as those designed to slow unnecessary foreclosures during the subprime meltdown - were opposed strenuously, and sadly, effectively, by banking institutions.

Recently, we were painfully reminded that the power of banks to influence policy is not confined to legislative lobbying when we learned that the American Bankers Association (ABA), the Consumer Bankers Association (CBA), and the Chamber of Commerce (Chamber) sued the Consumer Financial Protection Bureau (CFPB) for clarifying and confirming in its examination manual that discrimination in a non-lending context - such as when a consumer is blocked from opening a bank account due to their race - may be an unfair and deceptive practice.¹ We find it outrageous that banking trade associations would challenge the CFPB's efforts to fight discrimination and argue that discrimination is not an unfair and deceptive practice.

This issue for us is not theoretical. Last year, Rise Economy participated in a mystery shopper survey where consumers went into local branches to ask about starter bank account products. Sadly, consumers of color experienced worse treatment than their white counterparts; bank tellers disproportionately turned away and neglected canvassers of color and Spanish-speaking canvassers.² Given that access to a bank account provides the foundation for building wealth, banks must be held accountable to provide such access and to facilitate economic opportunity, not shirk this duty while challenging anti-discrimination oversight.

¹

<https://www.axios.com/2022/09/28/chamber-sues-cfpb-over-its-anti-discrimination-policy>

²

<https://rooseveltinstitute.org/2022/09/08/are-banks-serving-the-people-or-serving-themselves/>



We believe that most or all banks are represented by one or more of the trade associations that brought this case against the CFPB. Some banks are represented by all three associations. Some banks have officers serving on the boards or key committees of these groups.

Not content to argue that the CFPB has no authority to examine banks for this kind of discrimination, the banking trade groups went to the nuclear option to argue that the CFPB's funding structure is unconstitutional.

This argument has been raised by the payday lending industry in a case that is now before the Supreme Court³ and which has the potential to severely hamstring or destroy the CFPB, not to mention similarly structured regulatory agencies like the Federal Reserve Board, the FDIC, the Office of the Comptroller of the Currency, and others.⁴ Apparently, the trade associations and, presumably, their bank members, are so desperate to prevent the CFPB from investigating discrimination that they are willing to threaten our entire financial regulatory system, along with all of its consumer protection rules. Fighting anti-discrimination oversight and consumer protection appears to be the hill the banking institutions choose to die on.

And while many banks professed to be concerned about the racial wealth gap after the killing of George Floyd, the ABA astonishingly joined the Texas Bankers Association challenge to the legality of the Section 1071 small business lending data collection rule.⁵ Not to be outdone, the Independent Community Bankers Association (ICBA) later joined in this challenge as well.⁶

3

<https://www.scotusblog.com/case-files/cases/consumer-financial-protection-bureau-v-community-financial-services-association-of-america-limited/>

4

<https://www.politico.com/news/magazine/2023/01/18/supreme-court-financial-system-justices-00078124>

⁵ <https://bankingjournal.aba.com/2023/05/aba-joins-1071-lawsuit/>

⁶ <https://bankbeat.biz/icba-joins-lawsuit-blocking-section-1071/>



The Section 1071 rule could have a much greater impact on closing the racial wealth gap than the individual commitments reflected in bank press statements and pronouncements. No entity that is genuinely concerned about racial wealth gaps and equal access to credit for small businesses should oppose this rule. Yet here we are.

We are asking for you to clarify your bank's position on the following issues that reflect strong areas of community need and that underlie the work of our community organizations in California and across the nation. We are interested in clear answers to these questions, yes or no, though you may choose to also elaborate.

1. Is it the Bank's position that (non-credit) discrimination is unfair and deceptive? Yes or No?
2. Does the Bank support the existence of an independent Consumer Financial Protection Bureau, run by a Presidentially appointed and Senate confirmed Director, and with a funding source that is not subject to the political appropriations process? Yes or No?
3. Does the Bank support the Section 1071 Rule, which was finalized a decade after the Dodd-Frank Act authorized it, after an extensive and deliberative rulemaking process, and with several concessions to industry concerns, especially those of smaller lenders? Yes or No?
4. Does the Bank agree to align its lobbying and litigation activity with the goals of the Paris Agreement to limit global warming and avoid the worst consequences of climate change?⁷ Yes or No?

⁷ New research shows that despite their high-level support for action on climate change, the largest US banks are not supporting key US climate-related policy measures. Considering the overall influence of the sector, along with the fact that it is the second largest spender on lobbying in Washington after the pharmaceutical industry, this lack of attention to positive climate policy advocacy by the big banks represents a disconnect with their positive and ambitious top line climate support statements (e.g. around "Net Zero"). Further, the majority of banks assessed as part of the research retain links to industry associations that are opposing key



5. Does/will the Bank structure its lobbying and litigation policies and procedures so that the CRA, community affairs, and ESG functions of the bank are given the opportunity to provide meaningful input on policy matters impacting LMI communities of color before lobbying or litigation decisions are made? Yes or No?

A bank charter is a privilege. As such, it comes with responsibility and confers numerous benefits.

We ask that you respond to this letter by October 1, 2023. If you have any questions, feel free to contact Kevin Stein at kstein@rise-economy.org.

We thank you for your attention to these matters which are vital to the communities in which we live and work, and which your bank is meant to serve.

Very Truly Yours,

climate policies and regulations, both for the 'real economy' and for the financial system. From <https://influencemap.org/report/US-Banks-and-Climate-Related-Policy-22583#:~:text=New%20research%20shows%20that%20despite,opposing%20key%20climate%20policies>). For more on bank lobbying on climate policy, including the finding that 75% of the banks analyzed lobbied both for and against Paris-aligned policies, highlighting the banks' conflicting approach to climate policy engagement, see <https://www.ceres.org/resources/reports/responsible-policy-engagement-benchmarking-banks> . For more on bank financing of the fossil fuel industry, see also, <https://www.bankingonclimatechaos.org/> and <https://rise-economy.org/wp-content/uploads/2023/08/Whose-Paycheck-Are-We-Protecting-The-Role-Banks-Played-in-Funding-Climate-Change-Through-the-PPP.pdf>



Two handwritten signatures in black ink. The first signature is "Paulina Gonzalez-Brito" and the second is "Kevin Stein".

Paulina Gonzalez-Brito
Chief Executive Officer

Kevin Stein
Chief of Legal and Strategy

Endorsing Organizations:

Rise Economy (formerly the California Reinvestment Coalition)

AAPI Equity Alliance

Accion Opportunity Fund

Accountable.US

Americans for Financial Reform Education Fund

AmPac Business Capital

ANHD

Anti-Eviction Mapping Project

Asian Business Association

Asian Pacific Islander Small Business Program

ASIAN, Inc. 美亞輔鄰社

Beverly-Vermont Community Land Trust

CAARMA

California Capital Financial Development Corporation

California Community Land Trust Network



California Community Economic Development Association

California FarmLink

California Public Banking Alliance

CASA of Oregon

CDC Small Business Finance

Ceiba

Center for Community Progress

CoBiz Richmond, Inc.

Committee for Better Banks

Community Economics, Inc.

Community Housing Council of Fresno

Community Reinvestment Alliance of Florida

Community Services Unlimited Inc

Community Vision Capital and Consulting

Congregations Organized for Prophetic Engagement, COPE

Consumer Action

Consumer Federation of California

Consumers for Auto Reliability and Safety

Council of Community Housing Organizations

East Bay Housing Organizations (EBHO)

East LA Community Corporation

Economic Action Maryland



Empire Justice Center

Esperanza Community Housing

Extinction Rebellion San Francisco Bay Area

Fair Finance Watch

Fair Housing Advocates of Northern California

Fair Housing Council of the San Fernando Valley

Faith and Community Empowerment (FACE)

First Community Capital, Inc.

Haven Services Inc. dba Haven Neighborhood Services

Housing and Economic Rights Advocates

Housing Leadership Council of San Mateo County

Housing Opportunities Made Equal of Greater Cincinnati

Housing Rights Center

Inclusive Action for the City

Inland Equity Community Land Trust

JEDI

Koreatown Youth & Community Center

LISC Bay Area

Little Tokyo Service Center

Logan Heights CDC

Microenterprise Collaborative of Inland Southern California

Mission Asset Fund



Mission Economic Development Agency

Montebello Housing Development Corporation

Multicultural Real Estate Alliance For Urban Change

National Association for Latino Community Asset Builders

National CAPACD- National Coalition for Asian Pacific American Community Development

Native First Lending

Neighborhood Housing Services of Los Angeles County

New Jersey Citizen Action

NHS Inland Empire

NPHS, Inc.

Oil & Gas Action Network

Pacific Community Ventures

PCR Business Finance

People for Public Banking Central Coast

People's Opportunity Fund

Pittsburgh Community Reinvestment Group

Public Bank Los Angeles

Public Counsel

Public Interest Law Project

Public Justice

Reinvent South Stockton Coalition



Revolving Door Project

Richmond Neighborhood Housing Services

Sacramento Housing Alliance

Sacramento Tenants Union

San Francisco Housing Development Corporation

San Francisco Public Bank Coalition

San Gabriel Valley Community Land Trust

Small Business Majority

Southern California Black Chamber of Commerce

Starting Over, Inc.

TechEquity Collaborative

Tenemos que Reclamar y Unidos Salvar la Tierra (T.R.U.S.T. South LA)

Thai Community Development Center

The Central Valley Urban Institute

The Fair Housing Council of San Diego

The Sacramento Environmental Justice Coalition

Ventura County Community Development Corporation

Vermont-Slauson EDC

Women's Economic Ventures

Woodstock Institute

Selected Banks to Receive This Letter:



Amalgamated Bank
American Momentum Bank
BankFirst
Bank of America
Bank of CA
Bank of Hope
Beneficial State Bank
BMO Harris
California Bank and Trust
Capital One Financial Group
Cathay Bank
Charles Schwab Bank
Citibank
Citizens Business Bank
City National Bank
Columbia Bank
Comerica Bank
Community Bank of the Bay
Deutsche Bank
East West Bank
First Citizens Bank
Flagstar Bank
Frost Bank
Goldman Sachs
Hancock Whitney Bank
Heritage Bank
Homestreet Bank
HSBC Bank
JPMorgan Chase
Lending Club
Luther Burbank Savings
Mechanics Bank
Morgan Stanley
Pacific Premier Bank
Pacific Western Bank
PNC Bank



Prosperity Bank
Square Financial Services
Tri Counties Bank
U.S. Bank
Washington Federal Bank
Wells Fargo
Zions Bank