

Governor Brainard Discusses Financial Inclusion, Fintech, and Reforms to the Community Reinvestment Act

Friday, October 19, 2018

On October 17, 2018, Federal Reserve Board Governor Lael Brainard [discussed](#) the potential for financial innovation, and in particular, fintech products and services, to foster financial inclusion of underserved families and small businesses. She has frequently addressed the importance of fintech, including [cryptocurrencies, digital currencies and distributed ledger technologies](#) and the [role of banks in fintech innovation](#). Governor Brainard explained the need for a more nuanced approach to financial inclusion that focuses on an individual or business's holistic financial health, instead of just access to accounts or access to credit.

Governor Brainard highlighted mobile apps, online- and phone-only accounts, and machine learning as tools that banks and fintech companies are offering to help improve financial access for the unbanked or underbanked. She also discussed the role of the Board of Governors of the Federal Reserve System ("Board") in financial inclusion, and suggested that it is the Board's [responsibility](#) to facilitate safe, innovative, and ubiquitous faster payment systems. Governor Brainard has previously called for [faster payment systems](#) and the Board recently [requested public comments](#) on actions it could take to facilitate real-time payments. She concluded by emphasizing the Board's focus on maintaining consumer protection while supporting socially beneficial and responsible innovation.

Governor Brainard separately discussed the importance of providing financial access to underserved communities in a [speech](#) on October 15, 2018 regarding reform of the Community Reinvestment Act ("CRA"). Governor Brainard encouraged the industry to comment on the OCC's [advanced notice of proposed rulemaking](#) on revisions to the Community Reinvestment Act framework. In her remarks, she said that the Board will review the comment letters in anticipation of a joint proposal with the OCC and the Federal Deposit Insurance Corporation, noting that she understands the importance of a single set of CRA standards. Governor Brainard called for tailoring the CRA regulations to banks of different sizes and business models, and updating the assessment area standards by which a bank's CRA performance is assessed to reflect technological developments, a theme she has championed in prior speeches (available [here](#), [here](#), and [here](#)).

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