



Fair and responsible banking in 2022

# Is your organization keeping up with the changes?

Webinar | ABA July 2022



Presenters

# Keeping your finger on the pulse of regulatory change.

The tenets of fair and responsible banking shift as legislation, technology, and culture evolve. We can show your organization how to maintain a proactive approach in a dynamic landscape.



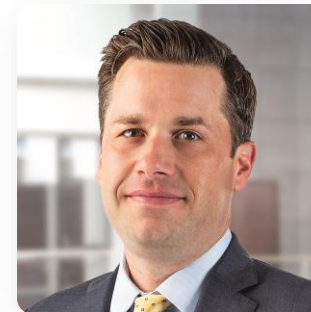
## **Britt Faircloth**

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SVP, Fair Banking Manager  
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## **Kate Gutierrez-Wilson**

Manager  
Financial Services Consulting  
(Focus area: Fair and Responsible Banking)



## **Clayton Mitchell**

Managing Principal, Fintech  
Financial Services Consulting

Current events

# What's making headlines in the world of fair and responsible banking and compliance?

Machine algorithms and digital redlining

Discrimination added to UDAAP definition

Limited language access

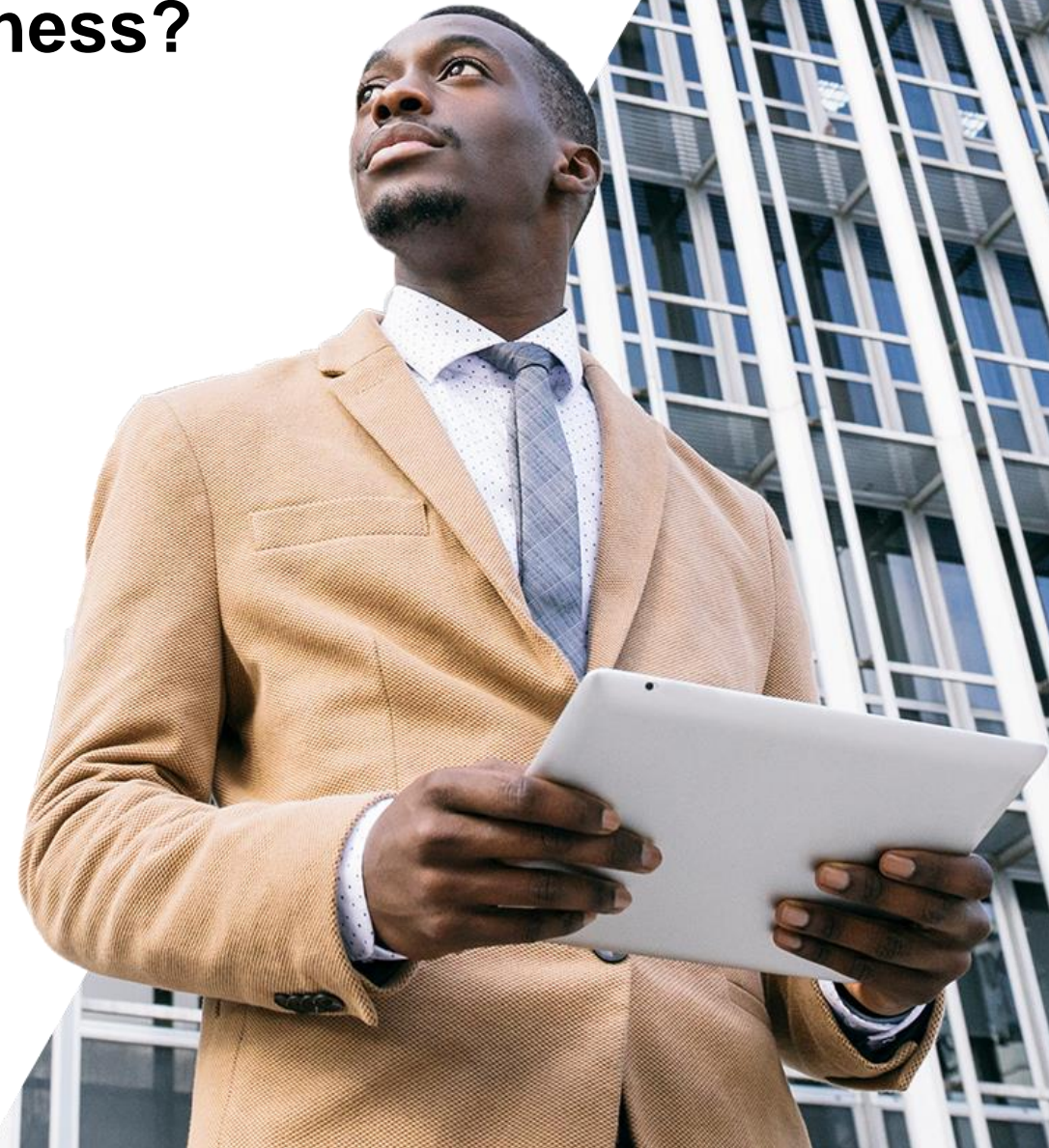
Special-purpose credit programs

Disparity in service levels

## Current impacts

# How can these issues **affect your business?**

- > Mergers, acquisitions, and partnerships delayed or denied due to fair lending risks
- > Geographical expansions curtailed by fair lending and *Community Reinvestment Act*-related issues
- > Launches of new products and services delayed by regulatory violations
- > Reputational damage and loss of customer relationships



It's not just lending

## Fairness and responsibility extend throughout your organization.

- > Consider more than just customer-facing operations and applications.
- > Departmental decisions can create organizational consequences.
- > Equal and ethical treatment relies on comprehensive planning and an eye for subtle and unintended consequences.



## Consumer protections

# Discrimination is now considered an **unfair, deceptive, or abusive act or practice** (UDAAP).

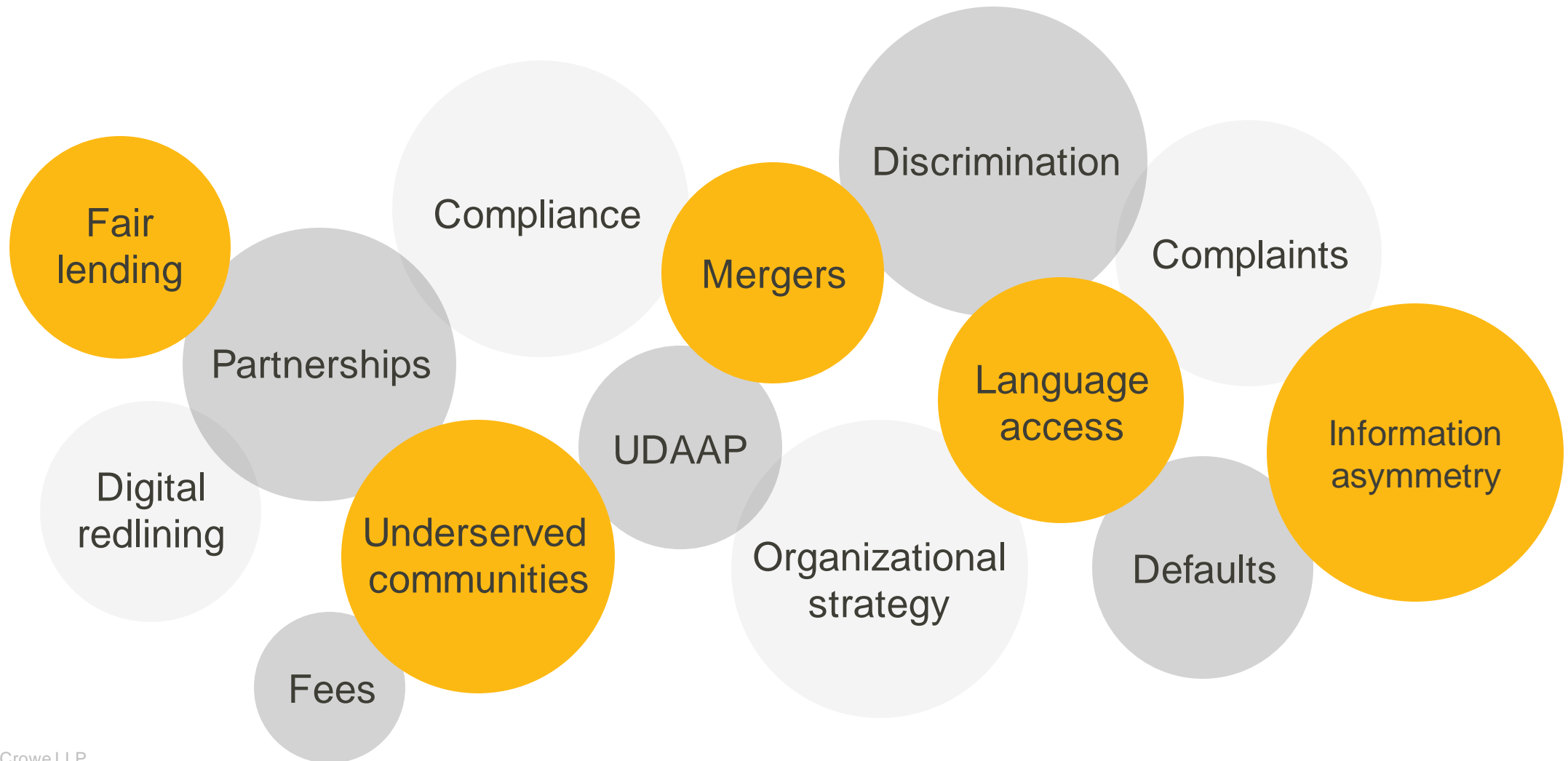
- > The Consumer Financial Protection Bureau (CFPB) is targeting discrimination in connection with **all** financial services and products.
- > How specifically does discrimination fall under the criteria of UDAAP and what should organizations be doing to address this important addition?

Intent does not need to be proved – **only a discriminatory outcome.**

Place more effort than ever into a **proactive, comprehensive, and diverse evaluation** of your bank's decisions and practices.



# Outcomes, outcomes, outcomes





Crowe Analytics Advisor for fair lending

# Here's how **we help banks make compliant decisions** and more fully serve their communities.



Risk and compliance strategy



Risk assessments



Risk and control mapping



Data-driven processes, including analytics and KRIs



Monitoring dashboards



Correcting risk-causing actions



Foreseeing risk-causing decisions



Regularly updated processes

Crowe Analytics Advisor for fair lending

Here's one way we **help banks make compliant decisions** and more fully serve their communities.

Looking ahead

# What is the **path forward** through new and consistent challenges?

- > What should you do if you uncover a "harsh truth" within your current products and policies?
- > How do you ensure everyone in your communities can be properly served?
- > What does it look like to consistently stay ahead of changing regulations and communities?



Remain ahead of the wave

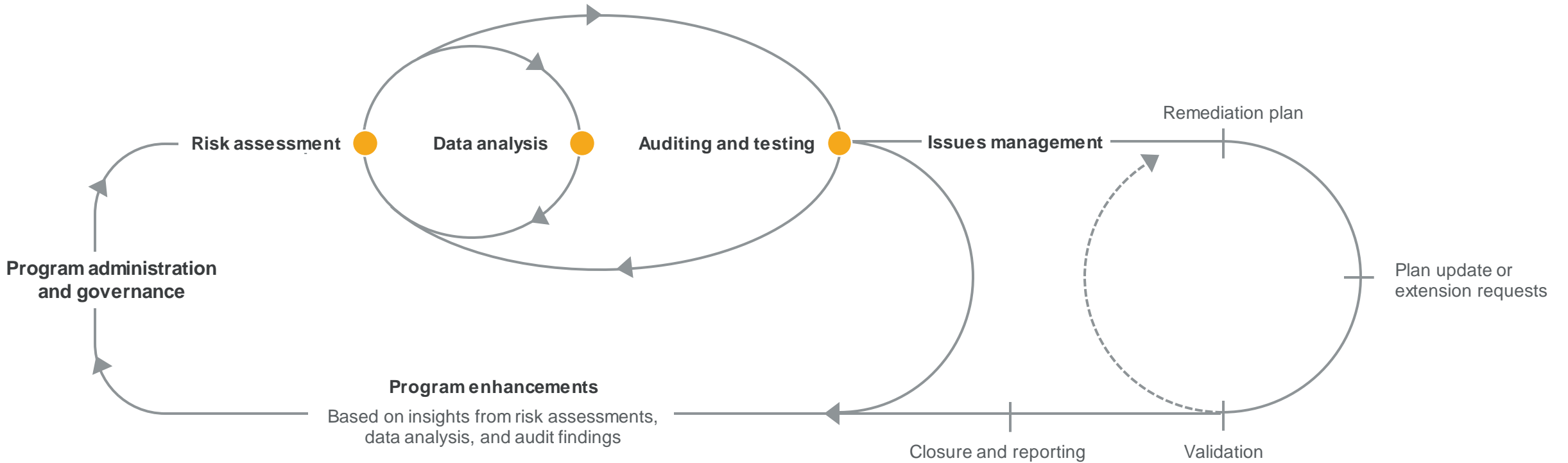
# Today's forethought creates **tomorrow's gains.**

- > Reduce your bank's fair and responsible banking risks – both current and future – to increase your growth potential.
- > Open your bank to customer bases that had previously been unconsidered.
- > Avoid violations that can potentially stymie or prevent partnerships, mergers, and expansions.



## Governing your process

# What's acceptable today might not be tomorrow. Prepare your bank for continuous improvement.





# Thank you

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