



## Learning & Development Newsletter



# How the new CRA Final Rule will Impact Fair Lending

Banking has changed significantly in the past 30 years, which happens to be the last time CRA was revised. Historically, banks were primarily evaluated on fair lending compliance based on outreach in their facility-based assessment areas. [The CRA final rule](#) gives regulators more data overall to evaluate, including Home Mortgage Disclosure Act (HMDA) data, which identifies home mortgage applicants race, ethnicity, and gender applicant data. While they may initially be viewed through separate lenses, the two laws are able to work together and can focus on providing equal access to credit for protecting classes and individuals at a certain income level.

The combination confirms that the CRA and fair lending responsibilities are mutually reinforced and satisfies one of the eight objectives of the new final rule. The agencies have reaffirmed that violations of the Equal Opportunity Credit Act (ECOA) and the Fair Housing Act (FHA) can be the basis of a CRA rating downgrade. The final rule also prohibits banks from delineating facility-based assessment areas that reflect illegal discrimination or exclude low to moderate income geographic areas. An additional effect of the final rule is that it increases the level of community input in identifying the needs and opportunities, making information readily available for banks to creating lending products which more easily satisfy the needs of the target LMI geographical areas.

## Payments Regulations and Legislation

Payments facilitating organizations can expect a tidal wave of legislation this year. Compliance professionals are anticipating the largest legislative change to an industry since the Dodd-Frank Act. In November 2023, the [CFPB issued a proposal](#) to regulate tech giants' digital payments and smartphone wallet services, primarily focusing on protecting privacy, ensuring fair competition, and prohibiting unfair and deceptive actions. A final rule is expected sometime this year for the top tier, which is roughly 17 organizations. The Department of Justice (DOJ) is currently investigating antitrust issues with VISA, Mastercard, and Apple. The CFPB also issued a [Section 1033 proposal](#) last year, which seeks to give consumers more rights over their data, enable more shopping power for fintechs and payment providers, and has been nicknamed the "Open Banking Proposed Rule."



The [FED issued a proposal](#) to lower the maximum interchange fee that a large debit card issuer can receive for a debit card transaction; With the comment period over, a final rule could be issued in 2024. While the FED is busy developing legislation, states are also getting in on the action. Multiple states passed earned wage access laws and proposals, with California's even receiving support from the CFPB. Some states have issued proposals, which would require buy now, pay later providers to obtain a state license. It's very likely there could be legislation to help reign in the epidemic of payment fraud, especially with organizations such as Zelle and Venmo. Stay tuned to BAI for new updates.

## Data Discrimination & Risk Assessment Scenario Bias Worksheets

When it comes to analyzing data, it is crucial for professionals in the financial services industry to understand that correlation does not equal causation, especially when it comes to loan data and various risk assessment scenarios. This type of thinking can result in unintended biased and discriminatory behavior which could result in some hefty penalties.

Including training and policies on potential metrics that are susceptible to biased/discriminatory outcomes can help prevent them, which is why BAI developed resources to help employees understand what they need to look for

when reviewing data. If your organization is looking for help developing training or policies on loan review or risk assessments, download BAI's resources below:

Training resources: [Identifying Risk Assessment Scenario Biases](#)

Policy resources: [Identifying Data Discrimination Biases](#)

## **March Webinar**

### **Designing better courses: Fundamentals of instructional design**

March 21, 2024 | 1:00 p.m. - 2:00 p.m. CST

Training administrators need to understand how learners prefer to learn and design courses that match their learning styles. In the financial services industry, courses that feature real-world scenarios specific to each learner's roles will help them complete learning quicker with better results.

In this webinar, we will highlight the fundamentals of instructional design and how to create engaging, effective learning experiences. We will provide an overview of the instructional design process, best practices for developing engaging material, how to utilize media to boost engagement, and more! Whether you're new to instructional design or looking to improve your skills, this webinar will provide you with a solid foundation.

**Presenter: Emily Stone, MBA, MA Learning Strategy & Content Consultant**

[Sign Up Now](#)

## **eLearning Updates**

### **New Cyber Scenarios Courses**

Cybersecurity remains a top-of-mind concern in the financial services industry. BAI is excited to be launching new Cyber Scenarios that address these risks and help organizations and their employees prevent and mitigate attacks. In

these 10 to 15-minute story-based, interactive courses, learners face a relevant cybersecurity threat scenario in a financial institution and decide how they would proceed at key decision points. Below is a list of courses that are currently released – for a full list of courses, please visit [BAI L&D Connect®](#).

- Cyber Scenario: Ransomware and Financial Institution Clients
- Cyber Scenario: A Distributed Denial of Service (DDoS) Attack
- Cyber Scenario: A Ransomware Attack on a Financial Institution
- Cyber Scenario: Insecure APIs

## Regulatory Resources

### 90 Day Regulatory Outlook



Published monthly, [BAI's 90-Day Regulatory Outlook](#) helps you plan for the compliance landscape in the upcoming fiscal quarter. Receive insights from BAI's compliance experts on which policies and training courses of yours will be impacted by the most recent and relevant regulatory changes.

### Regulatory Alerts



Stay informed of all regulatory changes regardless of stage! Receive the [latest Financial Services industry compliance news](#) every week, including summaries of relevant announcements from more than 20 different regulatory bodies and overviews of personnel and products affected.

### Risk Alerts



Risk Alerts provides the [latest risk guidance](#), best practices, upcoming webinars, resources, and information related to organizations in the financial services industry. Receive weekly updates, with a summary of only the most relevant announcements from almost 30 organizations, including regulators, standard-setting agencies, and third-party experts.

## New Learning Manager Releases and Updates

Every month BAI adds new interactive courses and relevant documents, as well as making updates to existing courses. Follow the links below to see what has been added and updated for Compliance courseware, Professional Development courseware, and Documents & Resources:

1. [Compliance Courseware](#)
2. [Professional Development Courseware](#)
3. [Documents & Resources](#)

Visit [BAI L&D Connect®](#) to view the complete list of courseware and document updates.

## New Updates for BAI Policy Manager

The BAI team is continuously working to provide clients with the best experience possible when using the BAI Policy Manager. As part of this process, we undergo bi-weekly releases to roll out new features and enhancements. The below list includes some of our recent favorites:

- To ensure you have the **Regulatory Resources** you need to make informed decisions within your policy and procedures management program, we recently added and updated the below content into the BAI Policy Manager.:
  - **New Policy Templates:** Asset-Liability Management, Interest Rate Risk (IRR), and Liquidity
  - **Updated Policy Templates:** Sensitive Position Two Week Vacation, Artificial Intelligence (AI), Regulation Z, Appraisal, Internet Banking, and Safety Program
  - **New Procedure Resources:** Acceptable Use, Accounts Payable and Employee Expense, Automated Clearing House (ACH), Branch Closing, BSA Comprehensive, BSA Elder Abuse Identification, Community Reinvestment Act (CRA), Corporate Governance, Fair Credit Reporting Act (FCRA), Fair Lending Second Review, Overdraft, Processing and Analyzing Consumer Complaints, Regulation B (ECOA) Act, Regulation CC, Social Media Activities, Teller Check Handling, Teller Over and Short, and Text Messaging Opt-In Form
- **New BAI Procedures Library** – Integrated into our template library we have begun releasing our new procedure's templates. Designed to help organizations keep their policies and procedures aligned and to ensure staff have adequate guidance on key operational tasks. The initial library will include roughly 80 documents and be released over the next 6 months.

- **Enhanced BAI Template Library** – Planned to help with the launch of our new procedure's library. The redesign includes a feature rich refreshed page with new features like improved search, added descriptions, and a new Types column. Helping more easily directs you to the content you are looking for.
- **Expiration Report Redesign and Expanded Features** – Developed to help your document owners stay on top of when their documents are expiring and ensure they get updated promptly. Our redesigned Expiration Report can be found under the Reports menu and Audit Detail tab. New expanded features include a clickable expiration dashboard, expiration forecast, and more. The expiration dashboard was also strategically placed on the main 'Document Home' landing page as well as the Documents page. Making sure your document owners see it.
- **Rewritten Help Resources** – Placed conveniently next to your name, a "?" icon that will bring you to our new help documentation, alongside a way to email support and view system requirements. You will find that these guides will walk you through the Policy Manager step by step. Topics include Administration, Reports, and User Manual with more on the way! Stay tuned as we continue to expand upon the help available to you.

If you have any questions regarding the BAI Policy Manager, please [contact us](#).

## Congratulations to the BAI Global Innovation Award Winners and BAI Rising Stars!

As part of our commitment to recognizing the 2023 BAI Global Innovation Award winners and BAI Rising Stars, we are excited to share a [congratulatory video](#) from members of the BAI [Innovation Circle Judges](#) highlighting the Award winners and the importance of innovation in financial services.



For 13 years, the BAI Global Innovation Awards have honored and celebrated achievements in innovation including advancing customer experience, implementing new technologies, and improving the lives of employees,

customers, and communities. For the second year, BAI also honored ten individuals and two teams with the BAI Rising Star Award. These up-and-coming leaders in financial services innovation were selected based on their impact on and passion for innovation and their ability to drive positive change in their organizations.

Collectively, the 2023 winners represent outstanding contributions by teams, and business lines and provide inspiration from around the world.

## ***BAI Banking Strategies: Industry Thought Leadership***

**A digital payments powerhouse educates consumers on avoiding scams**  
There are multi-channel approaches to fighting fraud. For Zelle, that meant tapping a Hollywood star. [Read more »](#)

**AI and banks: Unlocking opportunity without creating risk**  
Financial services providers will tap AI's full potential for identity verification and fraud prevention. [Read more »](#)

**As CFPB pushes to cut overdraft fees, banks should ask if these programs are worth the risk**

Banks and credit unions must weigh the compliance and reputational risk of eliminating this source of revenue that some studies say is a consumer benefit. [Read more »](#)

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