

Current Issues in Fair Lending

Mark Levonian, the OCC's Senior Deputy Comptroller for Economics, moderated a panel composed of representatives from four regulatory agencies who spoke about fair lending issues pertaining to their respective agencies. On the panel were Michael Bylsma (OCC), Carol Evans (Federal Reserve Board), Calvin Hagins (OCC), Karyen Chu (Federal Deposit and Insurance Corporation), and Donna Murphy (Department of Justice). Topics of discussion included concerns about whether the tightening of underwriting standards may affect access to credit, issues of enforcement and referrals, and methods that different agencies use to assess fair lending risk.

Overview of the OCC Fair Lending Process

Moderated by Irene Fang, Deputy Director in the OCC's Risk Analysis Division, this panel of OCC experts presented the agency's fair lending process with an emphasis on the role of statistical analysis and modeling for risk assessment. Ann Jaedicke presented the objectives and approach of the OCC's supervision. Chau Do spoke about the use of Home Mortgage Disclosure Act data in fair lending supervision. Jason Dietrich discussed the statistical analysis and modeling tools that OCC economists use to evaluate bank underwriting decisions. Finally, Irina Paley discussed issues related to modeling.

Panel 3: Bank Examiner Perspective

The moderator and panelists—each of them National Bank Examiners—shared their experiences using statistical analysis for fair lending risk assessment in large, mid-sized, and community banks. Sharon Decker moderated, while the following examiners served as panelists: Mattie Trice, John Gilliam, Richard Saillard, and Daphne Whistler.

Panel 4: Bank Economist and Consultant Perspective

Nicholas Kiefer, Professor of Economics at Cornell University and Senior Advisor in the OCC's Risk Analysis Division, moderated a panel that focused on bank economists and consultants' experiences conducting statistical analysis and modeling of fair lending issues at their respective banks. The panelists were Robert Aaronson (JPMorgan Chase), Richard Preiss (Preiss&Associates), YuehChuan Kung (Wells Fargo & Company), and Donald Morrow (Wolters Kluwer Financial Services/PCi).

Panel 5: Credit Scoring Modeling from a Fair Lending Perspective

This panel, moderated by Souphala Chomsisengphet, Senior Financial Economist in the OCC's Risk Analysis Division, explored the fair lending issues associated with bank credit scoring models to identify risk based on a person's credit profile. Marilyn Jacob (OCC) described an OCC economist's role on a fair lending examination of bank scoring models. Robert Avery (Federal Reserve Board) presented an overview of the Federal Reserve Board's Fact Act Study (2003) on the impact disparate credit scoring, and Mark Shultz (Capital One) provided a case study of Capital One's approach toward reviewing and assessing credit policies for fair lending compliance.

Panel 6: Fair Lending Modeling of Pricing Decisions

This panel addressed modeling of pricing decisions for fair lending risk assessment. The panel was moderated by Jason Dietrich, Fair Lending Lead Expert in the OCC's Risk Analysis Division. He described modeling pricing decisions made during OCC fair lending examinations. Carol Goodwin (Bank of America) discussed how pricing decisions are made at the Bank of America and how fair lending compliance is incorporated, Lynn Gottschalk (Federal Reserve Board) described how the Federal Reserve approaches modeling pricing decisions for fair lending examinations, and Harvey Wright (OCC) summarized how file reviews conducted during fair lending examinations focus on pricing decisions.