

**PROJECT
REACH**Roundtable for
Economic Access
and Change

REMOVING BARRIERS TO FINANCIAL INCLUSION

FACT SHEET

“Project REACH convenes those with the ability to help reduce inherent and structural obstacles so underserved populations have the same opportunities to succeed and benefit from the nation’s financial system as others.”

— Acting Comptroller of the Currency Michael J. Hsu

The Project REACH Approach

- REACH (Roundtable for Economic Access and Change) brings together leaders from banking, business, technology, and national civil rights organizations to reduce specific barriers that prevent full, equal, and fair participation in the nation’s economy.
- The Office of the Comptroller of the Currency (OCC) recognizes that removing structural barriers to financial inclusion will result in broader participation in the economy and will help millions of people, previously left out of the system, to pursue their American dreams.
 - Financial empowerment is closely linked to broader positive socioeconomic outcomes; therefore, fuller economic participation will improve the lives of those directly affected.
 - Fuller economic participation will help address inequity.

What We Do

- Project REACH identifies and reduces barriers to full, fair participation in the nation’s banking system and the economy to help expand access to credit and capital. These barriers include:
 - Nearly 50 million people in the United States have no usable credit scores, making credit less accessible and more expensive for them. Establishing alternative credit scoring methods that regulators recognize as a safe and fair tool to assist underwriting can help millions of people.
 - Affordable housing remains an intractable problem, but homeownership helps families build wealth. Project REACH sees the potential for converting bank-owned housing inventories into affordable homes through low-cost transfer and renovation loans.
 - Minority-owned banks play critical roles in their communities but face challenges accessing capital, growing technology, modernizing infrastructure, and retaining talent. Project REACH is creating meaningful partnerships that help minority-owned banks remain a vibrant part of the economic landscape and important resources to their communities.
 - Small businesses serve as engines for the economy, but resources to support their expansion are limited. Project REACH focuses on collaborative efforts to build and support entrepreneurs by offering technical assistance and procurement opportunities to minority-owned business enterprises and entrepreneurs from rural and Native communities.

Where We're Going

- The goals of Project REACH are to:
 - Establish an alternative credit scoring method that regulators recognize as a safe, fair tool to assist underwriting.
 - Convert bank-owned housing inventories into affordable homes through low-cost transfer and renovation loans.
 - Address structural barriers and harness market forces to create affordable financial products that allow minority groups and low-income Americans to own homes and start businesses.
- Project REACH aims to achieve several national changes and to successfully implement many local projects that can serve as models for financial inclusion and wealth building around the country.

National Projects

- **INCLUSION FOR CREDIT INVISIBLES:** Nearly 50 million Americans—disproportionately including poor and minority Americans—lack a credit score and cannot obtain mortgages, credit cards, or other lending products. Yet many people in this segment of society pay rent, utilities, and other recurring financial obligations. Project REACH is working with technology partners to synthesize a credit score from alternative data, and the OCC could validate such a score for banks to use. This will help tear down a major barrier to economic access for millions.
- **REVITALIZATION OF MINORITY DEPOSITORY INSTITUTIONS (MDIs):** The number of MDIs has declined over the years. The remaining MDIs are critical sources of credit and financial services in their largely minority communities. Partnerships among MDIs and other banks can provide a stable source of capital and investment and provide training, exchange programs, and mentorship to MDI executives and board members.
- **AFFORDABLE HOUSING:** A recent analysis of home mortgage data found the ability to access credit and obtain a mortgage is significantly more challenging for minority borrowers who do not have enough saved for a down payment. Project REACH intends to work with financial institutions and major civil rights and community-based organizations to develop down payment products that provide a bridge to obtaining the American dream of owning a home.
- **ACCESS TO CAPITAL FOR SMALL AND MINORITY-OWNED BUSINESSES:** Investing in and financing of businesses has shrunk twenty-nine percent in recent years. To increase investments and financing to small and minority-owned business, Project REACH participants are evaluating models and strategies that facilitate loan participation programs and consortium lending among larger banks, MDIs, and certified community development financial institutions (CDFIs).

Local Projects

- Local approaches for this initiative focus on developing regional solutions to reduce barriers to economic access for minority communities. Affordable homeownership opportunities created through residential real estate held by a bank or investment trust, or investments in minority business enterprises to support start-up and scale-up capacity with lower collateral requirements are examples of local- and regional-specific solutions. These initiatives illustrate how banks could increase economic access for low- and moderate-income communities and qualify under the modernized CRA regulatory framework.

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