

A RE-REGULATION CHECKLIST

7 TOPICS TO KEEP IN MIND

The CFPB is re-energized - focused on consumer protection and all of the banking agencies will soon follow suit. Strategic Risk Associates hosted a Livestream on March 30, 2021, discussing "The Great Re-Regulation" and below is a quick check list on seven things for you to keep in mind. These top of mind items include a focus on Fair Lending and expansion to multiple products. Broader emphasis to full access to banking products and services. Guidance for diversity of banking staff, management and suppliers coming. Increased emphasis on CRA, with potential widening of scope. Climate change mandates migrating into banking (customers, disclosure, and impact). As well as how consumer protection will continue to migrate into the small business arena (Dodd-Frank 1071). **Read below to learn more.**

- Matthew Neels

Sr. Managing Director, Compliance Management - SRA



CONSUMER PROTECTION:

Are you looking into the following around consumer protection?

- UDAAP
- Fair Lending: Disparate Impact, ensuring equal treatment for all customers needing Pandemic Relief Efforts
- Reg B- Expanded definitions of Protected Classes
- Collections and Servicing – Especially Forbearance
- Flood Disaster Protection Act: critical compliance and potential Climate Change Issue
- Reg E and Electronic Payments
- CRA

CLIMATE CHANGE WILL BE A MAJOR RISK MANAGEMENT ISSUE:

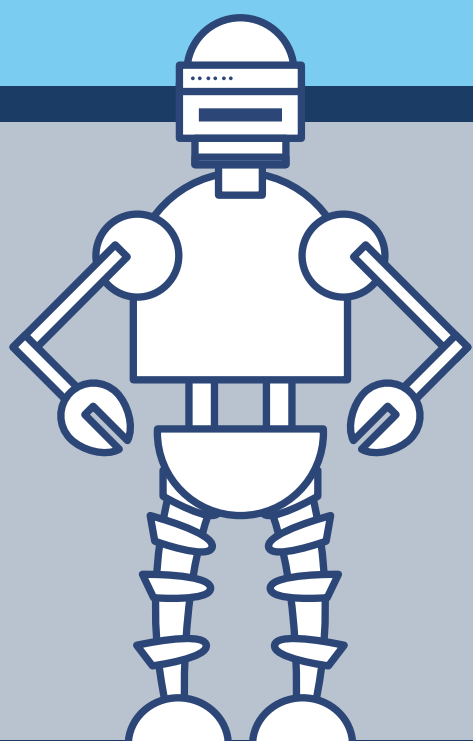
Things to consider:

- Enhanced Disclosures
- Will Impact Customer Selection and Approval
- Bank's Own "Zero Carbon" & Sustainability Program
- Formal Risk Assessment/Capital Impacts
- Stress Testing
- Natural Disaster Response



THE RISE OF ARTIFICIAL INTELLIGENCE (AI), MACHINE LEARNING, ALGORITHMS:

- Disparate Impact
- Greater Increase of Transparency
- Immature Regulatory Framework



This isn't just going to be another compliance exercise, many of the areas being discussed will affect virtually all areas of the banking organization

CREDIT BUREAU REPORTING:

Are you keeping on top of...

- Disparate impact and potential discrimination
- Data accuracy
- Alternate data
- Role of non CRA data providers
- Calls for increased regulation – potentially a new agency



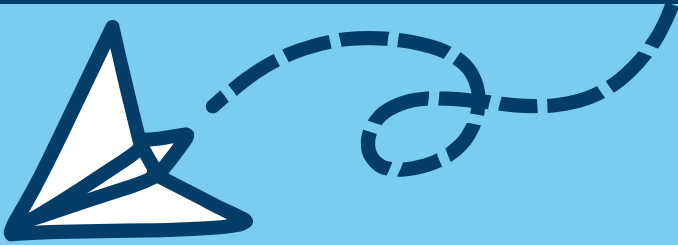
CREDIT ACCESS AND HOUSING REFORM:

- Keeping up with new HUD Rules
- Increased focus on affordable housing
- Increased HMDA Oversight and Analysis



BACK TO THE BASICS

- Ensure your CMS and Risk Management Program are up to Date, Well Tuned, and Staffed
- Revisit your risk assessment to include new areas of risk and “stress test” your prior assessment of risk – Expand your scenario analysis
- Increase monitoring and testing – especially around Reg B, CRA, and Fair Lending



- Tune up your complaints and customer response program
- Update your training program to reflect the new paradigm
- Enhance your regulatory monitoring efforts, ensure you handle an increased volume of communications
- Step up your Fair Lending Assessments

UPDATE YOUR SKILLS AND PROGRAM



- Develop technical expertise in new and emerging areas:
 - Climate Change
 - Diversity & Social Equality
- Incorporate new risks into your program:
 - Organizational Structure and Accountabilities
 - Training
 - Monitoring and Testing
 - Risk Assessment
 - Board and Management Reporting
 - Vendors and suppliers

Many of these potential changes will drive critical strategic decisions for executive management

Matthew Neels | Sr. Managing Director, Compliance Management | SRA

Miss the Livestream?
"The Great Re-Regulation"

Watch the live recording here



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