



November 19, 2018

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency (OCC)
400 7th Street SW, Suite 3E-218
Washington DC 20219

RE: Docket ID OCC-2018-0008, "Reforming the Community Reinvestment Act Regulatory Framework"

To Whom It May Concern:

The National Digital Inclusion Alliance (NDIA) appreciates the opportunity to submit these comments in response to the OCC's Advance Notice of Proposed Rulemaking in the matter of "Reforming the Community Reinvestment Act Regulatory Framework", Docket ID OCC-2018-00080.

NDIA is a national organization representing leaders of local community organizations, public libraries, municipalities and other institutions working to reduce digital disparities among our neighbors. We advocate for public digital inclusion policies at all levels of government that reflect our affiliates' expertise and diverse experiences.

Digital Inclusion refers to the activities necessary to ensure that all individuals and communities, including the most disadvantaged, have access to and use of Information and Communication Technologies (ICTs). This includes 5 elements: 1) affordable, robust broadband internet service; 2) internet-enabled devices that meet the needs of the user; 3) access to digital literacy training; 4) quality technical support; and 5) applications and online content designed to enable and encourage self-sufficiency, participation and collaboration. Digital Inclusion must evolve as technology advances. Digital Inclusion requires intentional strategies and investments to reduce and eliminate historical, institutional and structural barriers to access and use technology.

NDIA currently has 318 affiliated organizations, including 43 national nonprofits and 275 local public and nonprofit organizations in 39 states, the District of Columbia and the US Virgin Islands. Our local Affiliates include 32 municipal government bodies, 49 local public libraries and regional library councils, 19 college/university programs, 13 state government agencies, 3 local school districts, 8 housing authorities and 151 local nonprofit organizations. The full list of NDIA affiliates with links to their websites can be found at <https://digitalinclusion.org/members>.

NDIA strongly supports OCC treatment of digital literacy programs, such as those operated and supported by our affiliates in low/moderate income communities throughout the U.S., as "*activities supporting community and economic development that qualify for CRA consideration*", as suggested by Question 16. But we urge the OCC to adopt a broader perspective regarding this



issue, in two important respects:

1. "Digital literacy", in its common meaning of "possession of computing and Internet-using skills", is vital but not sufficient to create digital equity for all Americans, especially low-income Americans. As we noted above, NDIA regards access to digital literacy training as one of five key elements of "digital inclusion", along with affordable, robust broadband internet service; affordable internet-enabled devices that meet the needs of the user; quality technical support; and applications and online content designed to enable and encourage self-sufficiency, participation and collaboration. All five elements are essential for our community residents to overcome the high digital barriers to full economic, educational, social, health and civic participation in 2018.

Recognizing this reality, it is common for NDIA's affiliated community digital inclusion programs to combine basic digital literacy training with access to free or cheap devices, ongoing technical support and discounted Internet service; or to partner with other nonprofits to ensure that all these services are available and affordable.

We ask the OCC to explicitly recognize the whole range of digital inclusion activities -- not just digital literacy education -- as *"activities supporting community and economic development that qualify for CRA consideration"*, to the extent that they serve low and moderate income residents in lenders' CRA assessment areas.

2. Digital inclusion programs certainly "support community and economic development" in a variety of important ways, from employment access to homework support, and from better healthcare access to civic engagement.

But there's a more direct reason for OCC to treat digital skills training, affordable device and broadband access services for residents of LMI communities as CRA-qualified activities: They enable underserved residents to adapt, like most Americans, to a banking market that increasingly relies on online and mobile channels rather than nearby branch locations to serve their "convenience and needs".

For many lower-income, less-connected households and communities, digital inclusion services are a crucial bridge to continued access to financial services -- especially in urban neighborhoods and rural communities where banks have eliminated or shifted branch locations, and many residents have very limited transportation options.

What do we mean by "less-connected"? Of course this term must include communities throughout the U.S. suffering from the widely recognized "rural broadband gap", which is an effect of older, slower, expensive broadband infrastructure in addition to a lack of digital skills and community support. But the nation faces a less widely recognized "urban broadband gap" as well -- a gap that's less about infrastructure, and more about skills, community support and affordability.



In a recent report¹ based on data from the 2017 American Community Survey, NDIA identified 24 large U.S. cities (i.e. with 50,000 households or more) where between a fifth and a third of all households reporting having no home Internet access of any kind, including mobile data plans. A 25th city was reported by the ACS to have just under 19% of its households lacking any kind of home Internet access. NDIA's report characterizes these as the nation's "Worst Connected Cities of 2017".

In all cases, the lack of home Internet access is concentrated among these cities' poorest households; their median percentage of households without broadband subscriptions is 47.8% for those with incomes below \$20,000, compared to only 11.7% of households with incomes of \$50,000 or more. (See Attachment 1.)

Here's another thing these cities have in common: As shown in the chart on the next page, all but one suffered net losses of bank branches between 2008 and 2018, according to data from the Federal Deposit Insurance Corporation.² Six of them – Detroit, Memphis, Syracuse, Richmond, Macon and Dayton – lost more than 20% of their bank branches during that period; another nine lost between 10% and 19.9%.

¹ National Digital Inclusion Alliance, *Worst Connected Cities 2017* at www.digitalinclusion.org/worst-connected-cities-2017/

² Federal Deposit Insurance Corporation, Branch Office Deposits – SOD National Downloads for 2008 and 2018, at <https://www5.fdic.gov/sod/dynaDownload.asp?barItem=6>

25 Worst Connected Cities of 2017: Changes in number of bank branches, 2008 to 2018					
25 U.S. cities with highest % of households lacking home Internet access of any kind (50,000+ households)			Change in number of bank branches, 2008-2018		
<i>Source: 2017 American Community Survey 1-Year Estimates, Table B28002</i>			<i>Source: FDIC Branch Office Deposits – SOD National Downloads for 2008 and 2018</i>		
City or Census place	Worst-connected rank	Percent of households with no Internet access	Number of bank branches 2008	Number of bank branches 2018	Percent change
Median		23.2%			-12.8%
Richmond, Virginia	19	20.6%	66	46	-30.3%
Macon-Bibb County, Georgia	18	21.0%	57	40	-29.8%
Syracuse, New York	10	24.1%	50	37	-26.0%
Dayton, Ohio	20	20.5%	80	61	-23.8%
Memphis, Tennessee	6	25.0%	163	127	-22.1%
Detroit, Michigan	4	27.0%	109	86	-21.1%
Springfield, Massachusetts	12	23.5%	41	33	-19.5%
Philadelphia, Pennsylvania	8	24.4%	353	291	-17.6%
Milwaukee, Wisconsin	13	23.2%	149	123	-17.4%
Cleveland, Ohio	5	26.6%	118	99	-16.1%
Topeka, Kansas	22	20.3%	87	73	-16.1%
Chattanooga, Tennessee	11	23.5%	73	62	-15.1%
Brownsville, Texas	2	30.9%	39	34	-12.8%
Montgomery, Alabama	25	18.9%	71	63	-11.3%
Baltimore, Maryland	24	20.0%	123	110	-10.6%
Newark, New Jersey	9	24.3%	65	59	-9.2%
Rochester, New York	21	20.4%	99	90	-9.1%
Kansas City, Kansas	23	20.0%	39	36	-7.7%
Hialeah, Florida	3	30.0%	54	50	-7.4%
Miami, Florida	7	24.8%	339	317	-6.5%
Birmingham, Alabama	16	21.4%	131	125	-4.6%
New Orleans, Louisiana	14	22.6%	94	91	-3.2%
Shreveport, Louisiana	15	22.5%	69	68	-1.4%
Mobile, Alabama	17	21.0%	89	88	-1.1%
Laredo, Texas	1	32.3%	52	57	9.6%



NDIA's Worst Connected Cities are worrisome examples of the hundreds of urban communities where large numbers of residents, especially the poor, lack the knowledge, equipment and/or Internet access required to substitute online banking tools for dwindling neighborhood bank branches.

Of course residents of many small-town and rural LMI communities (like the 86 new rural "banking deserts" identified by the National Community Reinvestment Coalition in a 2017 study³) often face similar issues, compounded by gaps in basic broadband infrastructure.

As local bank branches become fewer and more distant for LMI residents in both urban and rural settings, and online services increasingly take their place, those residents who lack online skills and connections inevitably find themselves with less access to mainstream banking services. Unfortunately, the Wall Street Journal reports⁴ that the recent wave of branch reductions is likely to continue, driven in part by the industry's continuing shift to online and mobile channels for customer service:

***Banks Shutter 1,700 Branches in Fastest Decline on Record
Lenders keep cutting despite growing economy as customers move online***

Banks are closing branches at the fastest pace in decades, as they leave less profitable regions and fewer customers use tellers for routine transactions...

For decades, banks needed to add new locations to grow, pushing the number of U.S. branches to a peak in 2009. But in the aftermath of the financial crisis, some started closing branches to save money—and then kept closing them to contend with low interest rates and higher regulatory costs.

Along the way, lenders realized they could maintain their deposit levels with fewer locations in a digital world where customers often prefer banks' mobile apps and ATMs.

NDIA has no special insight regarding the wider CRA issues raised by the shift from brick-and-mortar to online channels for consumer banking. Our affiliates include many local governments and community organizations that must deal with the consequences of local branch reductions for housing, small business, and other important areas of community life. To the extent that the deterioration of local branch access for LMI communities can be mitigated by regulatory policy, we encourage the OCC to pursue that goal.

But given that the shift is already so far advanced, and is likely to continue, OCC and its fellow regulators need to recognize and help mitigate its consequences for the millions of Americans

³ National Community Reinvestment Coalition, *Bank Branch Closures from 2008-2016: Unequal Impact in America's Heartland*, at https://ncrc.org/wp-content/uploads/2017/05/NCRC_Branch_Deserts_Research_Memo_050517_2.pdf

⁴ <https://www.wsj.com/articles/banks-double-down-on-branch-cutbacks-1517826601>





who lack the digital skills and tools to adapt to it.

A modest step in this direction would be language within the proposed Rule that:

- A. encourages banks to invest in partnerships with community digital inclusion programs serving LMI households with training, affordable devices, affordable Internet access or technical support in their CRA assessment areas -- specifically to enable those households to make effective use of online banking tools, along with other community and economic development purposes; and
- B. makes clear that those investments of this type may qualify for CRA consideration.

Thank you,

A handwritten signature in black ink, appearing to read "Angela Siefer", with a long, sweeping flourish extending to the right.

Angela Siefer
Executive Director

ATTACHMENT 1

Percentages of households without broadband Internet subscriptions, incomes below \$20,000 vs. incomes above \$50,000, NDIA Worst Connected Cities of 2017

Source: 2017 American Community Survey 1 Year Estimates, Table B28004

NDIA WORST CONNECTED CITIES 2017	Worst Connected rank	Total households	Number of households below \$20,000 without broadband	Percent of households below \$20,000 without broadband	Number of households above \$50,000 without broadband	Percent of households above \$50,000 without broadband
Median, all 25 cities				47.8%		11.7%
Laredo, Texas	1	70,522	10,481	63.3%	3,624	11.7%
Brownsville, Texas	2	52,138	13,015	79.9%	10,256	51.7%
Hialeah, Florida	3	77,399	14,984	62.8%	3,306	12.3%
Detroit, Michigan	4	264,360	45,744	47.7%	10,818	14.4%
Cleveland, Ohio	5	171,717	31,213	48.6%	4,853	9.7%
Memphis, Tennessee	6	246,518	33,026	51.6%	12,050	12.5%
Miami, Florida	7	170,005	27,176	59.5%	12,302	17.1%
Philadelphia, Pennsylvania	8	606,142	108,407	56.4%	22,024	8.6%
Newark, New Jersey	9	98,678	16,136	49.7%	5,308	14.8%
Syracuse, New York	10	54,062	8,096	47.8%	2,515	13.5%
Chattanooga, Tennessee	11	75,985	8,611	46.4%	4,758	14.3%
Springfield, Massachusetts	12	57,158	9,348	52.5%	2,070	9.4%
Milwaukee, Wisconsin	13	228,054	26,266	45.6%	11,983	13.3%
New Orleans, Louisiana	14	154,560	22,375	46.7%	4,686	7.5%
Shreveport, Louisiana	15	74,614	12,852	53.7%	2,917	11.0%
Birmingham, Alabama	16	90,186	11,570	41.9%	3,776	12.3%
Mobile, Alabama	17	78,145	9,101	39.7%	2,718	8.3%
Macon-Bibb County, Georgia	18	56,151	6,503	44.7%	1,677	7.5%
Richmond, Virginia	19	87,401	10,578	49.5%	4,419	10.7%
Dayton, Ohio	20	57,649	7,396	37.4%	1,131	6.8%
Rochester, New York	21	90,303	12,367	41.3%	3,433	10.6%
Topeka, Kansas	22	54,707	4,463	46.4%	5,560	20.7%
Kansas City, Kansas	23	56,677	5,843	49.6%	3,117	12.2%
Baltimore, Maryland	24	240,280	27,011	47.5%	11,939	10.4%
Montgomery, Alabama	25	78,217	8,748	45.4%	3,380	10.0%