

AYANNA PRESSLEY
7TH DISTRICT, MASSACHUSETTS

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND MONETARY POLICY
SUBCOMMITTEE ON HOUSING AND INSURANCE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
402 CANNON HOB
WASHINGTON, DC 20515
(202) 225-5111

BOSTON OFFICE
1295 RIVER STREET
HYDE PARK, MA 02136
(617) 850-0040

WWW.PRESSLEY.HOUSE.GOV

August 23, 2023

Dear Mr. Moynihan,

This year will mark the 60th Anniversary of the March on Washington for Jobs and Freedom. In 1963, an estimated 250,000 people – more than any other civil rights gathering of its time – participated in a bold and radical protest for economic and racial justice.¹ Their call for change to root out racism in our economic system still echoes to this day, and it is incumbent upon Bank of America to do its part.

On June 2nd, 2020, in response to the millions of people participating in Black Lives Matter protests following the murder of George Floyd, Bank of America pledged \$1 billion to help communities across the country address economic and racial inequality. As Members of Congress responsible for oversight of financial institutions, we seek greater transparency and request a financial audit report detailing the current status of your pledge.

Since the founding of this country, the financial industry has benefitted greatly from systemic racism and banks have been lead actors in the discrimination, exploitation, and degradation of Black communities in particular. There is no denying that the banking system has historically entrenched disparities in our country, denying Black people opportunities to grow our wealth and achieve financial prosperity. Data in nearly every aspect of our economy confirm as much. As one of the five largest banks in the United States, it is critical that your financial power is used to rectify the wrongdoing and heal the very communities harmed by the historical and contemporary role that institutions such as yours have played and continue to play in perpetuating racial inequities. Policies of systemic racism and discrimination have stifled opportunities for Black communities and enabled a vicious cycle of relentless poverty.

The racial wealth gap is unambiguous and alarming evidence that highlights how deeply embedded racial inequity is in our economy. According to one study, white households hold 84% of total household wealth compared to 4% held by Black households despite being 60% and 13% of the population, respectively.² To put this in terms of dollars, another analysis found that the median net worth of a typical white household was \$188,200, which is nearly eight times greater than the \$24,100 net worth of a typical Black household.³ It is necessary to affirm racial and economic justice through concrete actions and policy changes, in addition to public statements,

¹ *March on Washington for Jobs and Freedom*, NPS, (2023, April 17) <https://www.nps.gov/articles/march-on-washington.htm>.

² *The Black-White Wealth Gap Left Black Households More Vulnerable*, HAMILTON PROJECT, (2020, December 8) <https://www.hamiltonproject.org/publication/paper/the-black-white-wealth-gap-left-black-households-more-vulnerable/>.

³ *Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances*, FEDERAL RESERVE, (2020, September) <https://www.federalreserve.gov/publications/files/scf20.pdf>.

in order to narrow the racial wealth gap and advance equal opportunity in underserved and vulnerable communities.

Banks have historically inhibited equitable access to credit, which is critical in accessing a mortgage or starting a business. For decades, lenders denied mortgages in Black neighborhoods based on color coded maps, a practice now widely condemned as ‘redlining’ and outlawed by the federal government in the Fair Housing Act of 1968.⁴ Although explicit discrimination against Black communities was banned, some banks have employed ‘modern day redlining’ to continue this legacy of systemic racism into the 21st century. In 2019, researchers for the National Bureau of Economic Research found that Black mortgage borrowers were charged higher interest rates than white borrowers and were denied mortgages that would have been approved for white applicants.⁵ Furthermore, an investigation of Home Mortgage Disclosure Act records found that in forty-eight major cities across the country, Black applicants were turned away from a home loan at significantly higher rates than white applicants.⁶ Denial of access to home ownership by banks widens the racial wealth gap and blocks economic prosperity.

Black entrepreneurs face unique barriers to starting and expanding their businesses. Of the nation’s 22.2 million business owners, Black people are underrepresented and only account for 4.3%.⁷ Despite the fact that increasing business ownership levels and business assets within the Black community is critical to reducing the racial wealth gap, Black entrepreneurs have diminished access to credit. According to a study by the Federal Reserve, companies that have Black owners were turned down for loans by banks at more than twice the rate of white business owners.⁸ A history of legal discrimination against Black businesses compounded by continued disadvantages in accessing credit demonstrate how banks have played a role, and continue to play a role, in stifling racial equity in the United States of America. Access to credit is a clear example, but it is not the only one.

Additionally, major banks have diminished access to everyday banking services in communities of color, particularly Black neighborhoods. Since 2010, the number of banks in majority-Black neighborhoods decreased by 14.6% nationwide. For individuals who lack financial resources, stable internet access, or reliable transportation, physical bank branches are essential to using banking services. According to the FDIC, 36% of Black people are unbanked or underbanked, compared to only 11.3% of white people.⁹ Households that are unbanked or underbanked rely significantly more on money orders, check cashing services, payday loans, and other predatory financial services. Decisions by banks to close physical branches, charge ATM, overdraft, or

⁴ *The Fair Housing Act*, U.S. DEPARTMENT OF JUSTICE, (1968) <https://www.justice.gov/crt/fair-housing-act-1>.

⁵ *CONSUMER-LENDING DISCRIMINATION IN THE FINTECH ERA*, NATIONAL BUREAU OF ECONOMIC RESEARCH, (2019, June) https://www.nber.org/system/files/working_papers/w25943/w25943.pdf.

⁶ *For people of color, banks are shutting the door to homeownership*, REVEAL NEWS, (2018, February) <https://revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.

⁷ *The devaluation of businesses in Black communities*, BROOKINGS INSTITUTION, (2020, February) https://www.brookings.edu/wp-content/uploads/2020/02/2020.02_DevOfBizInBlackCommunities_Perry-Rothwell-Harshbarger-final.pdf.

⁸ *Availability of Credit to Small Businesses*, FEDERAL RESERVE, (2017, September) <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>.

⁹ *FDIC National Survey of Unbanked and Underbanked Households*, FDIC, (2021) <https://www.fdic.gov/analysis/household-survey/2021report.pdf>.

maintenance fees, and pursue other inequitable policies have negatively impacted Black communities. It is essential that banks use a racial justice lens in its decision-making to avoid further harm.

As the CEO of one of the five largest banks in the nation, you play a key role in determining which individuals and communities have access to economic opportunity. Your prior statements and pledge are welcome steps, but there needs to be greater transparency on the actions Bank of America has taken.

Therefore, we request a comprehensive financial audit report by October 23, 2023 providing an update on your pledge of \$1 billion. Please respond with clear and detailed descriptions describing the progress on your racial equity commitments, including amounts disbursed categorized by bank function, demographic and geographic data of recipients, institutional policy changes to financial services, and future plans related to your pledge. Additionally, please describe what further steps your bank is taking to address the racial disparities relating to access to credit, home loans, business loans, and physical bank branches as referenced above.

We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink that reads "Ayanna S. Pressley". The signature is fluid and cursive, with the first name being the most prominent.

Ayanna Pressley
Member of Congress

AYANNA PRESSLEY
7TH DISTRICT, MASSACHUSETTS

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND MONETARY POLICY
SUBCOMMITTEE ON HOUSING AND INSURANCE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
402 CANNON HOB
WASHINGTON, DC 20515
(202) 225-5111

BOSTON OFFICE
1295 RIVER STREET
HYDE PARK, MA 02136
(617) 850-0040

WWW.PRESSLEY.HOUSE.GOV

August 23, 2023

Dear Ms. Fraser,

This year will mark the 60th Anniversary of the March on Washington for Jobs and Freedom. In 1963, an estimated 250,000 people – more than any other civil rights gathering of its time – participated in a bold and radical protest for economic and racial justice.¹ Their call for change to root out racism in our economic system still echoes to this day, and it is incumbent upon Citi to do its part.

On September 23rd, 2020, in response to the millions of people participating in Black Lives Matter protests following the murder of George Floyd, Citi announced a \$1 billion pledge to invest in strategic initiatives to help close the racial wealth gap. As Members of Congress responsible for oversight of financial institutions, we seek greater transparency and request a financial audit report detailing the current status of your pledge.

Since the founding of this country, the financial industry has benefitted greatly from systemic racism and banks have been lead actors in the discrimination, exploitation, and degradation of Black communities in particular. There is no denying that the banking system has historically entrenched disparities in our country, denying Black people opportunities to grow our wealth and achieve financial prosperity. Data in nearly every aspect of our economy confirm as much. As one of the five largest banks in the United States, it is critical that your financial power is used to rectify the wrongdoing and heal the very communities harmed by the historical and contemporary role that institutions such as yours have played and continue to play in perpetuating racial inequities. Policies of systemic racism and discrimination have stifled opportunities for Black communities and enabled a vicious cycle of relentless poverty.

The racial wealth gap is unambiguous and alarming evidence that highlights how deeply embedded racial inequity is in our economy. According to one study, white households hold 84% of total household wealth compared to 4% held by Black households despite being 60% and 13% of the population, respectively.² To put this in terms of dollars, another analysis found that the median net worth of a typical white household was \$188,200, which is nearly eight times greater than the \$24,100 net worth of a typical Black household.³ It is necessary to affirm racial and economic justice through concrete actions and policy changes, in addition to public statements,

¹ *March on Washington for Jobs and Freedom*, NPS, (2023, April 17) <https://www.nps.gov/articles/march-on-washington.htm>.

² *The Black-White Wealth Gap Left Black Households More Vulnerable*, HAMILTON PROJECT, (2020, December 8) <https://www.hamiltonproject.org/publication/paper/the-black-white-wealth-gap-left-black-households-more-vulnerable/>.

³ *Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances*, FEDERAL RESERVE, (2020, September) <https://www.federalreserve.gov/publications/files/scf20.pdf>.

in order to narrow the racial wealth gap and advance equal opportunity in underserved and vulnerable communities.

Banks have historically inhibited equitable access to credit, which is critical in accessing a mortgage or starting a business. For decades, lenders denied mortgages in Black neighborhoods based on color coded maps, a practice now widely condemned as ‘redlining’ and outlawed by the federal government in the Fair Housing Act of 1968.⁴ Although explicit discrimination against Black communities was banned, some banks have employed ‘modern day redlining’ to continue this legacy of systemic racism into the 21st century. In 2019, researchers for the National Bureau of Economic Research found that Black mortgage borrowers were charged higher interest rates than white borrowers and were denied mortgages that would have been approved for white applicants.⁵ Furthermore, an investigation of Home Mortgage Disclosure Act records found that in forty-eight major cities across the country, Black applicants were turned away from a home loan at significantly higher rates than white applicants.⁶ Denial of access to home ownership by banks widens the racial wealth gap and blocks economic prosperity.

Black entrepreneurs face unique barriers to starting and expanding their businesses. Of the nation’s 22.2 million business owners, Black people are underrepresented and only account for 4.3%.⁷ Despite the fact that increasing business ownership levels and business assets within the Black community is critical to reducing the racial wealth gap, Black entrepreneurs have diminished access to credit. According to a study by the Federal Reserve, companies that have Black owners were turned down for loans by banks at more than twice the rate of white business owners.⁸ A history of legal discrimination against Black businesses compounded by continued disadvantages in accessing credit demonstrate how banks have played a role, and continue to play a role, in stifling racial equity in the United States of America. Access to credit is a clear example, but it is not the only one.

Additionally, major banks have diminished access to everyday banking services in communities of color, particularly Black neighborhoods. Since 2010, the number of banks in majority-Black neighborhoods decreased by 14.6% nationwide. For individuals who lack financial resources, stable internet access, or reliable transportation, physical bank branches are essential to using banking services. According to the FDIC, 36% of Black people are unbanked or underbanked, compared to only 11.3% of white people.⁹ Households that are unbanked or underbanked rely significantly more on money orders, check cashing services, payday loans, and other predatory financial services. Decisions by banks to close physical branches, charge ATM, overdraft, or

⁴*The Fair Housing Act*, U.S. DEPARTMENT OF JUSTICE, (1968) <https://www.justice.gov/crt/fair-housing-act-1>.

⁵ *CONSUMER-LENDING DISCRIMINATION IN THE FINTECH ERA*, NATIONAL BUREAU OF ECONOMIC RESEARCH, (2019, June) https://www.nber.org/system/files/working_papers/w25943/w25943.pdf.

⁶ *For people of color, banks are shutting the door to homeownership*, REVEAL NEWS, (2018, February) <https://revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.

⁷ *The devaluation of businesses in Black communities*, BROOKINGS INSTITUTION, (2020, February) https://www.brookings.edu/wp-content/uploads/2020/02/2020.02_DevOfBizInBlackCommunities_Perry-Rothwell-Harshbarger-final.pdf.

⁸ *Availability of Credit to Small Businesses*, FEDERAL RESERVE, (2017, September) <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>.

⁹ *FDIC National Survey of Unbanked and Underbanked Households*, FDIC, (2021) <https://www.fdic.gov/analysis/household-survey/2021report.pdf>.

maintenance fees, and pursue other inequitable policies have negatively impacted Black communities. It is essential that banks use a racial justice lens in its decision-making to avoid further harm.

As the CEO of one of the five largest banks in the nation, you play a key role in determining which individuals and communities have access to economic opportunity. Your prior statements and pledge are welcome steps, but there needs to be greater transparency on the actions Citi has taken.

Therefore, we request a comprehensive financial audit report by October 23, 2023 providing an update on your pledge of \$1 billion. Please respond with clear and detailed descriptions describing the progress on your racial equity commitments, including amounts disbursed categorized by bank function, demographic and geographic data of recipients, institutional policy changes to financial services, and future plans related to your pledge. Additionally, please describe what further steps your bank is taking to address the racial disparities relating to access to credit, home loans, business loans, and physical bank branches as referenced above.

We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink that reads "Ayanna S. Pressley". The signature is fluid and cursive, with the first name being the most prominent.

Ayanna Pressley
Member of Congress

AYANNA PRESSLEY
7TH DISTRICT, MASSACHUSETTS

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND MONETARY POLICY
SUBCOMMITTEE ON HOUSING AND INSURANCE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
402 CANNON HOB
WASHINGTON, DC 20515
(202) 225-5111

BOSTON OFFICE
1295 RIVER STREET
HYDE PARK, MA 02136
(617) 850-0040

WWW.PRESSLEY.HOUSE.GOV

August 23, 2023

Dear Mr. Dimon,

This year will mark the 60th Anniversary of the March on Washington for Jobs and Freedom. In 1963, an estimated 250,000 people – more than any other civil rights gathering of its time – participated in a bold and radical protest for economic and racial justice.¹ Their call for change to root out racism in our economic system still echoes to this day, and it is incumbent upon JPMorgan Chase to do its part.

On October 8th, 2020, in response to the millions of people participating in Black Lives Matter protests following the murder of George Floyd, JPMorgan Chase pledged \$30 billion to advance racial equity. As Members of Congress responsible for oversight of financial institutions, we seek greater transparency and request a financial audit report detailing the current status of your pledge.

Since the founding of this country, the financial industry has benefitted greatly from systemic racism and banks have been lead actors in the discrimination, exploitation, and degradation of Black communities in particular. There is no denying that the banking system has historically entrenched disparities in our country, denying Black people opportunities to grow our wealth and achieve financial prosperity. Data in nearly every aspect of our economy confirm as much. As one of the five largest banks in the United States, it is critical that your financial power is used to rectify the wrongdoing and heal the very communities harmed by the historical and contemporary role that institutions such as yours have played and continue to play in perpetuating racial inequities. Policies of systemic racism and discrimination have stifled opportunities for Black communities and enabled a vicious cycle of relentless poverty.

The racial wealth gap is unambiguous and alarming evidence that highlights how deeply embedded racial inequity is in our economy. According to one study, white households hold 84% of total household wealth compared to 4% held by Black households despite being 60% and 13% of the population, respectively.² To put this in terms of dollars, another analysis found that the median net worth of a typical white household was \$188,200, which is nearly eight times greater than the \$24,100 net worth of a typical Black household.³ It is necessary to affirm racial and economic justice through concrete actions and policy changes, in addition to public statements,

¹ *March on Washington for Jobs and Freedom*, NPS, (2023, April 17) <https://www.nps.gov/articles/march-on-washington.htm>.

² *The Black-White Wealth Gap Left Black Households More Vulnerable*, HAMILTON PROJECT, (2020, December 8) <https://www.hamiltonproject.org/publication/paper/the-black-white-wealth-gap-left-black-households-more-vulnerable/>.

³ *Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances*, FEDERAL RESERVE, (2020, September) <https://www.federalreserve.gov/publications/files/scf20.pdf>.

in order to narrow the racial wealth gap and advance equal opportunity in underserved and vulnerable communities.

Banks have historically inhibited equitable access to credit, which is critical in accessing a mortgage or starting a business. For decades, lenders denied mortgages in Black neighborhoods based on color coded maps, a practice now widely condemned as ‘redlining’ and outlawed by the federal government in the Fair Housing Act of 1968.⁴ Although explicit discrimination against Black communities was banned, some banks have employed ‘modern day redlining’ to continue this legacy of systemic racism into the 21st century. In 2019, researchers for the National Bureau of Economic Research found that Black mortgage borrowers were charged higher interest rates than white borrowers and were denied mortgages that would have been approved for white applicants.⁵ Furthermore, an investigation of Home Mortgage Disclosure Act records found that in forty-eight major cities across the country, Black applicants were turned away from a home loan at significantly higher rates than white applicants.⁶ Denial of access to home ownership by banks widens the racial wealth gap and blocks economic prosperity.

Black entrepreneurs face unique barriers to starting and expanding their businesses. Of the nation’s 22.2 million business owners, Black people are underrepresented and only account for 4.3%.⁷ Despite the fact that increasing business ownership levels and business assets within the Black community is critical to reducing the racial wealth gap, Black entrepreneurs have diminished access to credit. According to a study by the Federal Reserve, companies that have Black owners were turned down for loans by banks at more than twice the rate of white business owners.⁸ A history of legal discrimination against Black businesses compounded by continued disadvantages in accessing credit demonstrate how banks have played a role, and continue to play a role, in stifling racial equity in the United States of America. Access to credit is a clear example, but it is not the only one.

Additionally, major banks have diminished access to everyday banking services in communities of color, particularly Black neighborhoods. Since 2010, the number of banks in majority-Black neighborhoods decreased by 14.6% nationwide. For individuals who lack financial resources, stable internet access, or reliable transportation, physical bank branches are essential to using banking services. According to the FDIC, 36% of Black people are unbanked or underbanked, compared to only 11.3% of white people.⁹ Households that are unbanked or underbanked rely significantly more on money orders, check cashing services, payday loans, and other predatory financial services. Decisions by banks to close physical branches, charge ATM, overdraft, or

⁴ *The Fair Housing Act*, U.S. DEPARTMENT OF JUSTICE, (1968) <https://www.justice.gov/crt/fair-housing-act-1>.

⁵ *CONSUMER-LENDING DISCRIMINATION IN THE FINTECH ERA*, NATIONAL BUREAU OF ECONOMIC RESEARCH, (2019, June) https://www.nber.org/system/files/working_papers/w25943/w25943.pdf.

⁶ *For people of color, banks are shutting the door to homeownership*, REVEAL NEWS, (2018, February) <https://revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.

⁷ *The devaluation of businesses in Black communities*, BROOKINGS INSTITUTION, (2020, February) https://www.brookings.edu/wp-content/uploads/2020/02/2020.02_DevOfBizInBlackCommunities_Perry-Rothwell-Harshbarger-final.pdf.

⁸ *Availability of Credit to Small Businesses*, FEDERAL RESERVE, (2017, September) <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>.

⁹ *FDIC National Survey of Unbanked and Underbanked Households*, FDIC, (2021) <https://www.fdic.gov/analysis/household-survey/2021report.pdf>.

maintenance fees, and pursue other inequitable policies have negatively impacted Black communities. It is essential that banks use a racial justice lens in its decision-making to avoid further harm.

As the CEO of one of the five largest banks in the nation, you play a key role in determining which individuals and communities have access to economic opportunity. Your prior statements and pledge are welcome steps, but there needs to be greater transparency on the actions JPMorgan Chase has taken.

Therefore, we request a comprehensive financial audit report by October 23, 2023 providing an update on your pledge of \$30 billion. Please respond with clear and detailed descriptions describing the progress on your racial equity commitments, including amounts disbursed categorized by bank function, demographic and geographic data of recipients, institutional policy changes to financial services, and future plans related to your pledge. Additionally, please describe what further steps your bank is taking to address the racial disparities relating to access to credit, home loans, business loans, and physical bank branches as referenced above.

We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink that reads "Ayanna S. Pressley". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Ayanna Pressley
Member of Congress

AYANNA PRESSLEY
7TH DISTRICT, MASSACHUSETTS

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND MONETARY POLICY
SUBCOMMITTEE ON HOUSING AND INSURANCE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
402 CANNON HOB
WASHINGTON, DC 20515
(202) 225-5111

BOSTON OFFICE
1295 RIVER STREET
HYDE PARK, MA 02136
(617) 850-0040

WWW.PRESSLEY.HOUSE.GOV

August 23, 2023

Dear Mr. Cecere,

This year will mark the 60th Anniversary of the March on Washington for Jobs and Freedom. In 1963, an estimated 250,000 people – more than any other civil rights gathering of its time – participated in a bold and radical protest for economic and racial justice.¹ Their call for change to root out racism in our economic system still echoes to this day, and it is incumbent upon U.S. Bank to do its part.

On June 5th, 2020, in response to the millions of people participating in Black Lives Matter protests following the murder of George Floyd, U.S. Bank pledged \$116 million to address social and economic inequities. As Members of Congress responsible for oversight of financial institutions, we seek greater transparency and request a financial audit report detailing the current status of your pledge.

Since the founding of this country, the financial industry has benefitted greatly from systemic racism and banks have been lead actors in the discrimination, exploitation, and degradation of Black communities in particular. There is no denying that the banking system has historically entrenched disparities in our country, denying Black people opportunities to grow our wealth and achieve financial prosperity. Data in nearly every aspect of our economy confirm as much. As one of the five largest banks in the United States, it is critical that your financial power is used to rectify the wrongdoing and heal the very communities harmed by the historical and contemporary role that institutions such as yours have played and continue to play in perpetuating racial inequities. Policies of systemic racism and discrimination have stifled opportunities for Black communities and enabled a vicious cycle of relentless poverty.

The racial wealth gap is unambiguous and alarming evidence that highlights how deeply embedded racial inequity is in our economy. According to one study, white households hold 84% of total household wealth compared to 4% held by Black households despite being 60% and 13% of the population, respectively.² To put this in terms of dollars, another analysis found that the median net worth of a typical white household was \$188,200, which is nearly eight times greater than the \$24,100 net worth of a typical Black household.³ It is necessary to affirm racial and economic justice through concrete actions and policy changes, in addition to public statements,

¹ *March on Washington for Jobs and Freedom*, NPS, (2023, April 17) <https://www.nps.gov/articles/march-on-washington.htm>.

² *The Black-White Wealth Gap Left Black Households More Vulnerable*, HAMILTON PROJECT, (2020, December 8) <https://www.hamiltonproject.org/publication/paper/the-black-white-wealth-gap-left-black-households-more-vulnerable/>.

³ *Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances*, FEDERAL RESERVE, (2020, September) <https://www.federalreserve.gov/publications/files/scf20.pdf>.

in order to narrow the racial wealth gap and advance equal opportunity in underserved and vulnerable communities.

Banks have historically inhibited equitable access to credit, which is critical in accessing a mortgage or starting a business. For decades, lenders denied mortgages in Black neighborhoods based on color coded maps, a practice now widely condemned as ‘redlining’ and outlawed by the federal government in the Fair Housing Act of 1968.⁴ Although explicit discrimination against Black communities was banned, some banks have employed ‘modern day redlining’ to continue this legacy of systemic racism into the 21st century. In 2019, researchers for the National Bureau of Economic Research found that Black mortgage borrowers were charged higher interest rates than white borrowers and were denied mortgages that would have been approved for white applicants.⁵ Furthermore, an investigation of Home Mortgage Disclosure Act records found that in forty-eight major cities across the country, Black applicants were turned away from a home loan at significantly higher rates than white applicants.⁶ Denial of access to home ownership by banks widens the racial wealth gap and blocks economic prosperity.

Black entrepreneurs face unique barriers to starting and expanding their businesses. Of the nation’s 22.2 million business owners, Black people are underrepresented and only account for 4.3%.⁷ Despite the fact that increasing business ownership levels and business assets within the Black community is critical to reducing the racial wealth gap, Black entrepreneurs have diminished access to credit. According to a study by the Federal Reserve, companies that have Black owners were turned down for loans by banks at more than twice the rate of white business owners.⁸ A history of legal discrimination against Black businesses compounded by continued disadvantages in accessing credit demonstrate how banks have played a role, and continue to play a role, in stifling racial equity in the United States of America. Access to credit is a clear example, but it is not the only one.

Additionally, major banks have diminished access to everyday banking services in communities of color, particularly Black neighborhoods. Since 2010, the number of banks in majority-Black neighborhoods decreased by 14.6% nationwide. For individuals who lack financial resources, stable internet access, or reliable transportation, physical bank branches are essential to using banking services. According to the FDIC, 36% of Black people are unbanked or underbanked, compared to only 11.3% of white people.⁹ Households that are unbanked or underbanked rely significantly more on money orders, check cashing services, payday loans, and other predatory financial services. Decisions by banks to close physical branches, charge ATM, overdraft, or

⁴ *The Fair Housing Act*, U.S. DEPARTMENT OF JUSTICE, (1968) <https://www.justice.gov/crt/fair-housing-act-1>.

⁵ *CONSUMER-LENDING DISCRIMINATION IN THE FINTECH ERA*, NATIONAL BUREAU OF ECONOMIC RESEARCH, (2019, June) https://www.nber.org/system/files/working_papers/w25943/w25943.pdf.

⁶ *For people of color, banks are shutting the door to homeownership*, REVEAL NEWS, (2018, February) <https://revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.

⁷ *The devaluation of businesses in Black communities*, BROOKINGS INSTITUTION, (2020, February) https://www.brookings.edu/wp-content/uploads/2020/02/2020.02_DevOfBizInBlackCommunities_Perry-Rothwell-Harshbarger-final.pdf.

⁸ *Availability of Credit to Small Businesses*, FEDERAL RESERVE, (2017, September) <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>.

⁹ *FDIC National Survey of Unbanked and Underbanked Households*, FDIC, (2021) <https://www.fdic.gov/analysis/household-survey/2021report.pdf>.

maintenance fees, and pursue other inequitable policies have negatively impacted Black communities. It is essential that banks use a racial justice lens in its decision-making to avoid further harm.

As the CEO of one of the five largest banks in the nation, you play a key role in determining which individuals and communities have access to economic opportunity. Your prior statements and pledge are welcome steps, but there needs to be greater transparency on the actions U.S. Bank has taken.

Therefore, we request a comprehensive financial audit report by October 23, 2023 providing an update on your pledge of \$116 million. Please respond with clear and detailed descriptions describing the progress on your racial equity commitments, including amounts disbursed categorized by bank function, demographic and geographic data of recipients, institutional policy changes to financial services, and future plans related to your pledge. Additionally, please describe what further steps your bank is taking to address the racial disparities relating to access to credit, home loans, business loans, and physical bank branches as referenced above.

We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink that reads "Ayanna S. Pressley". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ayanna Pressley
Member of Congress

AYANNA PRESSLEY
7TH DISTRICT, MASSACHUSETTS

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND MONETARY POLICY
SUBCOMMITTEE ON HOUSING AND INSURANCE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
402 CANNON HOB
WASHINGTON, DC 20515
(202) 225-5111

BOSTON OFFICE
1295 RIVER STREET
HYDE PARK, MA 02136
(617) 850-0040

WWW.PRESSLEY.HOUSE.GOV

August 23, 2023

Dear Mr. Scharf,

This year will mark the 60th Anniversary of the March on Washington for Jobs and Freedom. In 1963, an estimated 250,000 people – more than any other civil rights gathering of its time – participated in a bold and radical protest for economic and racial justice.¹ Their call for change to root out racism in our economic system still echoes to this day, and it is incumbent upon Wells Fargo to do its part.

In response to the millions of people participating in Black Lives Matter protests following the murder of George Floyd, Wells Fargo pledged \$450 million to support Black communities. As Members of Congress responsible for oversight of financial institutions, we seek greater transparency and request a financial audit report detailing the current status of your pledge.

Since the founding of this country, the financial industry has benefitted greatly from systemic racism and banks have been lead actors in the discrimination, exploitation, and degradation of Black communities in particular. There is no denying that the banking system has historically entrenched disparities in our country, denying Black people opportunities to grow our wealth and achieve financial prosperity. Data in nearly every aspect of our economy confirm as much. As one of the five largest banks in the United States, it is critical that your financial power is used to rectify the wrongdoing and heal the very communities harmed by the historical and contemporary role that institutions such as yours have played and continue to play in perpetuating racial inequities. Policies of systemic racism and discrimination have stifled opportunities for Black communities and enabled a vicious cycle of relentless poverty.

The racial wealth gap is unambiguous and alarming evidence that highlights how deeply embedded racial inequity is in our economy. According to one study, white households hold 84% of total household wealth compared to 4% held by Black households despite being 60% and 13% of the population, respectively.² To put this in terms of dollars, another analysis found that the median net worth of a typical white household was \$188,200, which is nearly eight times greater than the \$24,100 net worth of a typical Black household.³ It is necessary to affirm racial and economic justice through concrete actions and policy changes, in addition to public statements,

¹ *March on Washington for Jobs and Freedom*, NPS, (2023, April 17) <https://www.nps.gov/articles/march-on-washington.htm>.

² *The Black-White Wealth Gap Left Black Households More Vulnerable*, HAMILTON PROJECT, (2020, December 8) <https://www.hamiltonproject.org/publication/paper/the-black-white-wealth-gap-left-black-households-more-vulnerable/>.

³ *Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances*, FEDERAL RESERVE, (2020, September) <https://www.federalreserve.gov/publications/files/scf20.pdf>.

in order to narrow the racial wealth gap and advance equal opportunity in underserved and vulnerable communities.

Banks have historically inhibited equitable access to credit, which is critical in accessing a mortgage or starting a business. For decades, lenders denied mortgages in Black neighborhoods based on color coded maps, a practice now widely condemned as ‘redlining’ and outlawed by the federal government in the Fair Housing Act of 1968.⁴ Although explicit discrimination against Black communities was banned, some banks have employed ‘modern day redlining’ to continue this legacy of systemic racism into the 21st century. In 2019, researchers for the National Bureau of Economic Research found that Black mortgage borrowers were charged higher interest rates than white borrowers and were denied mortgages that would have been approved for white applicants.⁵ Furthermore, an investigation of Home Mortgage Disclosure Act records found that in forty-eight major cities across the country, Black applicants were turned away from a home loan at significantly higher rates than white applicants.⁶ Denial of access to home ownership by banks widens the racial wealth gap and blocks economic prosperity.

Black entrepreneurs face unique barriers to starting and expanding their businesses. Of the nation’s 22.2 million business owners, Black people are underrepresented and only account for 4.3%.⁷ Despite the fact that increasing business ownership levels and business assets within the Black community is critical to reducing the racial wealth gap, Black entrepreneurs have diminished access to credit. According to a study by the Federal Reserve, companies that have Black owners were turned down for loans by banks at more than twice the rate of white business owners.⁸ A history of legal discrimination against Black businesses compounded by continued disadvantages in accessing credit demonstrate how banks have played a role, and continue to play a role, in stifling racial equity in the United States of America. Access to credit is a clear example, but it is not the only one.

Additionally, major banks have diminished access to everyday banking services in communities of color, particularly Black neighborhoods. Since 2010, the number of banks in majority-Black neighborhoods decreased by 14.6% nationwide. For individuals who lack financial resources, stable internet access, or reliable transportation, physical bank branches are essential to using banking services. According to the FDIC, 36% of Black people are unbanked or underbanked, compared to only 11.3% of white people.⁹ Households that are unbanked or underbanked rely significantly more on money orders, check cashing services, payday loans, and other predatory financial services. Decisions by banks to close physical branches, charge ATM, overdraft, or

⁴ *The Fair Housing Act*, U.S. DEPARTMENT OF JUSTICE, (1968) <https://www.justice.gov/crt/fair-housing-act-1>.

⁵ *CONSUMER-LENDING DISCRIMINATION IN THE FINTECH ERA*, NATIONAL BUREAU OF ECONOMIC RESEARCH, (2019, June) https://www.nber.org/system/files/working_papers/w25943/w25943.pdf.

⁶ *For people of color, banks are shutting the door to homeownership*, REVEAL NEWS, (2018, February) <https://revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.

⁷ *The devaluation of businesses in Black communities*, BROOKINGS INSTITUTION, (2020, February) https://www.brookings.edu/wp-content/uploads/2020/02/2020.02_DevOfBizInBlackCommunities_Perry-Rothwell-Harshbarger-final.pdf.

⁸ *Availability of Credit to Small Businesses*, FEDERAL RESERVE, (2017, September) <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>.

⁹ *FDIC National Survey of Unbanked and Underbanked Households*, FDIC, (2021) <https://www.fdic.gov/analysis/household-survey/2021report.pdf>.

maintenance fees, and pursue other inequitable policies have negatively impacted Black communities. It is essential that banks use a racial justice lens in its decision-making to avoid further harm.

As the CEO of one of the five largest banks in the nation, you play a key role in determining which individuals and communities have access to economic opportunity. Your prior statements and pledge are welcome steps, but there needs to be greater transparency on the actions Wells Fargo has taken.

Therefore, we request a comprehensive financial audit report by October 23, 2023 providing an update on your pledge of \$450 million. Please respond with clear and detailed descriptions describing the progress on your racial equity commitments, including amounts disbursed categorized by bank function, demographic and geographic data of recipients, institutional policy changes to financial services, and future plans related to your pledge. Additionally, please describe what further steps your bank is taking to address the racial disparities relating to access to credit, home loans, business loans, and physical bank branches as referenced above.

We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink that reads "Ayanna S. Pressley". The signature is fluid and cursive, with the first name "Ayanna" and the last name "Pressley" clearly legible.

Ayanna Pressley
Member of Congress