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Remarks by

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Good morning and welcome. It is a great pleasure to see gathered in this room so many distinguished representatives of our small business, financial and voluntary communities to take part in these discussions. I hope to learn much from you today.

I am gratified that among the leaders we have in this endeavor, and who will be speaking today, are Hugh Price, President and CEO of the National Urban League, Margaret Simms of the Joint Center for Political and Economic Studies, John Oxendine, Chairman and CEO of Blackstar Communications, Tom Espinoza, Vice President of La Raza, the Reverend Charles Stith, President of the Organization for a New Equality, and Robert Pincus, President and CEO of Franklin National Bank.

We meet at a favorable time in our nation's history. The world is largely at peace. The expansion of our economy is now in its seventh year. Inflation is low, and employment and job creation are at record highs.

But our nation's prosperity has been uneven. Too many Americans have been unable to share in the general increase in wealth and living standards. At last count, in 1994, 15 percent of our people -- and 30 percent of the African-American and Hispanic populations -- subsisted below the poverty line. The burden of poverty is borne most heavily by our youngest and most vulnerable citizens -- the children, almost 15 million of them, whose futures are dimmed by the harsh reality of their lives.

This is unacceptable. We cannot boast of being a healthy nation if we are a nation of haves and have-nots, where abject deprivation coexists with plenty. We cannot boast of being a just society when children are going to bed hungry.

The persistence of poverty is perhaps the thorniest problem we have ever faced as a nation. And there are no panaceas.

However, over the past several years, we, in the financial services area, have learned some approaches that can make an important difference. We have learned that new techniques in providing credit, even in the toughest neighborhoods, and even to very low income Americans, when combined with the energy and resourcefulness of the people living and working in these

neighborhoods, produce safe and sound lending relationships. And these new lending relationships can be truly life transforming, offering lower income Americans a genuine hand up into the mainstream of American economic life.

One of the things I am most proud of in my tenure as Comptroller is how community leaders and bankers have responded to our challenge to improve access to credit for all Americans. The first component of our access effort was Community Reinvestment Act reform, which is at the heart of much of the increased lending to low and moderate income people and communities over the past three years. When I became Comptroller, bankers and community groups alike complained bitterly about the CRA regulatory regime. That regime produced too much paperwork burden and too little performance. So we set about a major reform effort. We received thousands of pages of comments, held major public hearings all over the United States and ultimately crafted a completely new regulatory regime that has produced real tangible results -- a reduction in regulatory burden and more lending and investment in our communities.

The CRA reform has been complemented by a vigorous reform in fair lending enforcement. Since I became Comptroller, OCC has followed a policy of zero tolerance for lending discrimination. We have revised our fair lending exam procedures, introduced mystery shoppers, conducted over 3,000 examinations of national banks, and have referred 23 cases to the Departments of Justice and HUD in the past 3 years, compared to only one in the whole previous history of our Office.

The third leg of our access to credit initiative has been active outreach, partnering and study. In the last four years we have held dozens of meetings, bus tours, and conferences around the country with community leaders, bankers and local officials to explore together ways in which historic barriers to credit access can be broken. We have hired community reinvestment specialists in each of our six districts around the country to work on a daily basis with community leaders, communities, and lenders in the low and moderate income credit effort. And we have worked with our economists, and outside scholars and practitioners to explore new techniques to providing credit and service in distressed communities.

The results of our vigorous campaign to promote fair access to credit have been truly gratifying. Let me give you just a few of the numbers. In the whole history of the CRA, from 1977 to the end of 1996, there have been approximately \$140 billion of bank commitments to make low and moderate income loans, but over \$100 billion of that has been in the past 3 years. Put another way, more than 70 percent of all bank CRA commitments have taken place in the last 3 years. Similarly, in the whole history of national bank investments in community development corporations, a period of over 30 years, total investments have been about \$5 billion. But \$4.1 billion of that \$5 billion, or 82 percent, has taken place over the last 3 years. And of course these investments leverage tens of billions of dollars of loans.

The lion's share of this big step forward in low and moderate income investment and lending activity has so far been in the housing area. Home Mortgage Disclosure Act figures reflect this success. For example, between 1993 and 1995, the last years for which we have HMDA data, increases in home mortgage lending to minorities across the nation was about 33 percent--three times the increase in home mortgage lending for the country as a whole. The increase in home mortgage lending in low and moderate income census tracts, regardless of race, was about 22 percent, or more than twice the increase in home mortgage lending to Americans as a whole. And, because minorities generally tend to live in urban areas, increases there are even more dramatic. For example, home mortgage lending to minorities in Houston is up almost 61 percent; in Atlanta, up 80 percent; and in Phoenix, up 64 percent.

Important as it is, home ownership is not enough. If we are ever to solve the problem of income inequality that condemns so many of our people to poverty, we need real job opportunities, jobs with a future. Small business, which generates more than half of all the jobs in our economy, must play a critical part in this effort.

It concerns me that lending to small business may lag just where such businesses and the employment they bring are most needed. For years we have heard anecdotes about the special obstacles facing minority small businesspeople in obtaining credit. Last year, a controversial study on small business lending in Denver turned up evidence suggesting that the problem cannot be discounted.

We now have an important opportunity to make strides in lending to small business comparable to those we've made in home mortgage lending. For the first time in our history, as a result of the CRA reform, we have collected information on small business loan originations on a national basis from every large bank and thrift. This small business data will be broken down by geographic location for the first time. Moreover, and most important, this information will be made public later this year, as soon as the financial supervisory agencies have finished checking and collating the data.

But history has taught us in the home mortgage area that real progress in lending takes more than raw data. It takes more than fair lending enforcement. It takes community leaders, borrowers, banks, and government coming together to focus on problems and opportunities, on today's facts and tomorrow's innovations. In this regard, I will always remember my visit to the Navajo Indian reservation in 1994, where we held the first face to face meeting among leaders of the tribal government, local area bankers, and government officials, and the significant strides forward in access to credit and other banking services that have been made as a result of that and subsequent meetings.

Accordingly, today I am announcing a new initiative, which we call Banking on Minority Business. This cross-country dialogue will bring together community leaders, minority small business

entrepreneurs and bankers to discuss how to break down barriers to small business lending and build mutually profitable relationships that will bring economic opportunities to our neglected neighborhoods and ignored communities. In the next 12 months, we will be holding meetings like the one in Washington, D.C. today, in Cleveland, San Francisco, St. Louis, Boston, New Orleans, Houston, and Charlotte. And, we intend to follow up on these initial meetings with subsequent events to bring affected parties together and monitor results.

We are launching this initiative right here in Washington, D.C. Sadly, like the rest of America, Washington has too many mean streets and not enough main streets. In Washington today there are neighborhoods where the poverty rate is around 60 percent, the school dropout rate approaches 40 percent, and despair is chronic.

Yet Washington has all the ingredients necessary to transform itself into the City Upon The Hill, envisioned by our founding fathers to be a beacon of hope to the rest of urban America. Washington D.C. has financial institutions with the people, the resources, and the commitment we need to turn our town around. It has talented and aggressive entrepreneurs who work every day to make our community a better place.

In Washington, we have people like Deryl McKissack, this year's Small Business Administration's Businesswoman of the Year, who seven years ago opened a local office of her family's Nashville-based construction company and for months served as its only employee. Today she supervises massive projects like the renovation of the historic Treasury Department building.

I am confident Washington will turn the corner because it has people like Linda Lee, a local restaurateur whose veritable one-woman crusade to revitalize Washington's Chinatown may now be on the verge of success.

And Washington will fulfill its potential because it has people like Frances Rollins, who cares about its children as though they were her own. In 1986, Rollins' Southeast Child Development Center enrolled eight children. Today it provides high quality day care for 200 kids in one of Washington's neediest neighborhoods.

While there are no quick fixes, we have the people, we have the skills, and we have the commitment to change Washington and cities like it across the country, to turn the corner towards a future of greater opportunity for all. If we do not, not just our cities, but our financial institutions, our economy, and indeed the fabric of our very democracy will reap the whirlwind.

So today I challenge each of you in this room to sit together to make change, innovation, and opportunity happen. Let's begin together to change the face of this city. Let's begin together to bridge the gap between the haves and have nots and to build a better future for our children and our nation.

Thank you.

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.