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KEYNOTE REMARKS BY COMPTROLLER OF THE CURRENCY JOSEPH
OTTING

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Featured Speaker:

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Comptroller of the Currency
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In Conversation With:

JOHN HOPE BRYANT
Founder, Chairman, and Chief Executive Officer
Operation HOPE, Inc.

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P R O C E E D I N G S

MR. BAER: I'd say the biggest problem is our two speakers are working the crowd. Is there anybody who has not already had a personal interaction with the comptroller or John? This is what happens when you invite people to a banking conference.

So welcome our -- for those of you who were here yesterday or last night, welcome back. As you probably know the plan from last night is after a review of Middle East history and politics, banking looks relatively benign and simple by comparison. So now we will launch a day of regulation as well as payments. And I'm glad to see so many folks here. Certainly the number and complexity of issues is not diminishing so there's tons to talk about, so that'll be a real pleasure.

Today we thought we would do this a little differently with our keynote speaker which is technically is Comptroller Otting although we have a co-keynoter. Look at these guys. So we will have them have a conversation instead of have me asking them a series of dry regulatory questions. The hope is that

that will be both more revealing and more entertaining. And knowing the personalities involved I have little doubt of that.

I'll actually let them more or less introduce themselves or at least what they're currently up to, but just a quick introduction of both of them. I discovered this morning that John Hope Bryant and I have the same birthday which is, kind of, cool. Also, Babe Ruth and Ronald Reagan. It's quite a group. So as most of you know -- it was also this morning I just realized I'm so stupid that it's called Hope now because it's John Hope Bryant. I -- it just -- I -- somehow, I'd missed that. But in any event he has been an entrepreneur since opening a candy shop at the age of 10, but now he's best known for Operation HOPE and HOPE Inside which is a financial literacy and counseling organization that is inside many of our banks including just at the head table Regions, SunTrust, PB&T, but also Wells, Chase, and I believe, no coincidence, OneWest at one point. And through that organization and service he provides extraordinary service to low- and moderate-income people who need to do better in this area.

Comptroller Otting, who it's been a pleasure to get to know, is, I think -- in essence I think he would describe himself as a commercial banker. Originally Bank of America, but then Union Bank, a lot of time at U.S. Bank. Of course then, most notably, going on to be CEO of OneWest for five years I believe.

He brings, sort of, a practicality and knowledge to Washington that I think is in short supply and is dearly welcomed. I think of the, sort of, his -- the four things he brings is probably the most important four I could think of in terms of an agency head. Management experience, clear goals, a strong sense of self, and probably most importantly a sense of humor which is very much required in Washington these days.

So it's been a pleasure getting to know him as well as John; John more recently, I think. And this actually is really the product of my having met with them on successive days and each of them praising the other to the skies. So then I thought, these are two great things that might go great together. So with that, let me bring them up to the stage. I should also remind you, which I forgot to do last night, at some

point should appear the app that we're using which will be a way for you to communicate any questions you have to John who will have an -- look at that; who will have an iPad in his lap eventually. And so if you have questions, put them in, he will note those, and try to work them into the conversation. But with that, thanks gents.

MR. OTTING: Thanks, Greg.

MR. BAER: Thank you. (applause)

MR. BRYANT: You guys were born the same day?

MR. OTTING: Good morning everybody.

AUDIENCE: Good morning.

MR. BRYANT: Oh, no, no, no, no, no, no, no. I'm from the Black church. (laughter) I'm used to seek and respond. (laughter) I'm not looking for a hallelujah, but I am looking for you to be alive. Good morning.

AUDIENCE: Good morning.

MR. BRYANT: There we go. The Bible suggests be hot or be cold. If you're lukewarm I'll spat you out. Translation, even God does not like mediocrity.

MR. OTTING: So John, good morning.

MR. BRYANT: Good morning, sir.

MR. OTTING: Nice to be here. I think three years ago I probably would have been sitting out there. So it's nice to be on the stage as the comptroller of the currency and representing the banking industry which I'm very proud to do.

So John and I go back almost 20 years. We've had a strong friendship. If we don't talk every week we e-mail or text each other. And John, I believe, really been admired at your entrepreneurial spirit at a young age. And then how you've transformed that into helping mankind with so many initiatives on behalf of Operation HOPE. And I thought maybe as we got started here today, it would be helpful for people to, kind of, hear, you know, what was it at, as a young age, who influenced you? And then how did you ever, you know, tie on to Operation HOPE and your vision? And I thought the audience would be quite interested in that.

MR. BRYANT: Well, first of all, thank you for that, comptroller. My story started oddly enough with CRA. I had a mother who told me she loved me every day of my life, so I had -- never a self-esteem problem. I

had the high confidence because of that. My dad owned his own business for 54 years. So, I had a sense of yes, I am and yes, I can, but I didn't know what I was going to do. So I'm nine years old. By the time I was nine, I'd experienced one death and two murders in Compton, California and South Central, LA.

And I'm now nine years old, trying to figure out my trajectory forward and looking around my neighborhood for role-models, comptroller. And I go into this home economics classroom, which was required at that time; it doesn't exist anymore. And this Caucasian banker shows up at my classroom. It's 1977, the first year of CRA. And he was forced to be there by you. (laughter) He didn't want to be there.

MR. OTTING: Figuratively. (laughter)

MR. BRYANT: He didn't want to be there. It was obvious that this was a chore for him, but he worked for Bank of America by the way. He had a red tie, a white shirt, and a blue suit. I remember him; 6' 2" as it was yesterday. After a couple sessions he realized we reminded him of his children and we -- and he reminded us of our father figures. And most African

Americans in my neighborhood had a negative experience with Caucasians. They would run in -- their first experience was a police officer jamming them against a patrol car.

My experiences were a Caucasian teacher, a Caucasian principal who bought everything I sold in then mail order at that time whether she liked it or not (laughter) and this banker. And this banker was teaching financial literacy. And the second session, which is where I felt a little comfortable talking to him, I raised my hand and I said, excuse me, sir -- I was telling Jim actually -- I don't know where Jim is with the -- telling him this story last night. Excuse me, sir, what do you do for a living and how'd you get rich legally? (laughter) I was dead serious. I mean, it's funny but it's serious and it's funny, it's funny, but it's serious. No one in my neighborhood, comptroller, had a suit on. Nobody had a collared shirt. No one had a salary. Everybody was a hourly worker. There were no skyscrapers unless it was the courthouse which was processing felons. There were no business owners. There was no business culture that I

knew of. So it was like this guy was a Martian. He had a beautiful car in the parking lot. It wasn't stolen. No one was chasing him. He wasn't chasing anybody. He was smooth, he was clean. I said what do you do for a living? How'd you get rich legally? He said young man I'm a banker and I finance entrepreneurs. I said, sir, I don't know what an entrepreneur is, but if it's legal and your financing them, I'm going to be one. And I went home, and I literally opened up -- back then it was a dictionary. We'd have a smartphone today. And I looked under the word entrepreneur; a French word, to create something out of nothing, to create value. I said that's what I want to do. And for what purpose? To help to revitalize my community. What's that called? And I discovered this word philanthropist. Those are two words that no one ever taught me growing up. But that banker opened -- kicked the endorphins in the right side of my brain. It opened up a whole new way of thinking.

I only regret that I don't -- I didn't track that guy so I could say thank you to him today because I'm an entrepreneur today because of that experience.

It -- and I went home, saw my neighborhood through a different lens. And there was a guy named Mr. Mack who owned a liquor store. And I went there and -- sir, you're selling the wrong kind of candy. He said, go away little boy, I've got a college degree. I said, that's nice. I've got cavities. (laughter) And he wouldn't pay me any attention. He said, well look, you've got good gift for gab, I'll hire you as a salesman. Go work right there at the counter. I said I don't want to work there. He says it's the best job I've got. I don't want to work there. I want to work in the box boy. He said it's the worst job I've got. That's the one I want.

So to make a long story short, I worked there for three weeks and quit because all I was trying to do was figure out wholesale, retail, what the wholesale rate was with the market rate, where he's getting his product. And I made \$300 a week starting my own little candy house which was on the way to school and put him out of business. And I made 300 bucks a week out of a \$40 investment.

So I was off and running. And as you know I

was homeless at six months of my life when I was 18; believing too much of my own press. But at that point I was resilient. And come full circle, President Bush, who I served, made financial literacy the policy of the U.S. federal government because of our work. So to go from CRA, being in this banker, really lighting in the fire of entrepreneurship, making financial literacy the policy of the federal government in 2008, 2009, was a transformational experience in my life only possible, I think, in this country.

And now to here sit with the comptroller of the currency, who I think will, for the first time in 25 years modernize CRA in a way that I think is helpful and productive.

MR. OTTING: Thank you.

MR. BRYANT: You're welcome.

MR. OTTING: So I -- you know, one thing I would say is, as a former banker like most of you sitting in the audience today, is when we participate in CRA in our communities, often we don't get to see the impact that that has. But here's a story that I think really tells what all of us can do when we go back to

our communities. And that little bit of element of somebody going out and talking to people about the world, the impact that that has. And I would tell another story.

This summer at the OCC, for those of you who are OCC banks in the audience, thank you for your contribution to us every year to be able to run the agency. But we took a very small portion of that this summer and we went to the hardest hit schools -- high schools in Washington, DC and we took 80 graduating juniors going to be seniors and brought them into the OCC for the summer. And we changed the lives of those kids because we told the counselors we don't want the smartest kids, we don't want the best athletes. We want the kids that are, you know, C students because we want to change their projectory of life. And we really feel we changed the lives of 80 kids, and it was John who came to me. What I was saying, John what could we do as an agency to really move forward certain people in communities that don't have the choice? And at the end of the year, John and another friend of mine, Mark Whitlock, who runs the Reid Temple Church in Maryland,

came to the graduation. But the story that we got from a number of the kids about, I never thought I would be able to come into a building like this. You know, when I show up a most places, people won't give me a chance. I don't get the resources that other kids get. You opened up my eyes. I opened up a savings account after spending the summer at the OCC. I'm going to college. Those were the stories and I think, you know, we all can't overlook, I think, the impact that CRA has.

And John mentioned, you know, one of my key initiatives when I went to Washington, DC was -- is we can make CRA better than what it is today. I really believe that. It's -- it had really valiant, you know, goals in 1977. The last time this has been modernized was really, you know, 25 years ago. It was before interstate banking. It was before mobile banking. It was before all the things that we have going on. And we're right on the verge now of issuing an NPR. I can tell you I've spent the last 18 months making it one of my number one priorities to be able to move this forward.

MR. BRYANT: Okay, stop right there.

MR. OTTING: Stop right there.

MR. BRYANT: This is a bit of a ridiculous conversation. (laughter) You're a rich, White dude. You know you're White, right?

MR. OTTING: Yeah.

MR. BRYANT: You're a rich, White, republican from a wealthy family. You've done for yourself without question. But -- and I know the roles you've had. When you're in the industry we're all very high-level vice-chairman so on and so forth, CEO roles at these institutions. You lived in a bubble. And for a long time, comptroller, -- I say this with great respect, I sort of wrote you off. Not because you did anything wrong. I just didn't expect you to do anything right. Like, there was no reason for you to lean into my neighborhood; zero. And when I first met you, you were, sort of -- I would call intellectually detached from me or emotionally detached from me. You were intellectually engaged but emotionally detached. And I didn't realize you were checking me out back then. I didn't realize you were underwriting me. I just figured you were just in another world.

And this whole time you've been scheming (laughter) about how to do good at scale. And I would've bet my last dollar. I say this with enormous respect for you, sir. I know you. I -- we've -- we passionately agree on many things and we sometimes disagree on things as friends do. And you allow me to disagree and I want to thank you for that. There's never been a tussle in our conversations. So we have an honest relationship. But I would've bet my last dollar that you would not have come to the Washington, DC and become the comptroller of the currency regulating two -- what --

MR. OTTING: Thirteen trillion.

MR. BRYANT: -- \$13 trillion and 70 percent of the banking sector and made CRA your lynchpin helping poor and struggling neighborhoods to get access, increase access to capital. Do you have a screw loose? (laughter)

MR. OTTING: (laughs)

MR. BRYANT: I mean is there something wrong with you? Why would you do this?

MR. OTTING: Some of my friends think so.

(laughs)

MR. BRYANT: Why would you do this?

MR. OTTING: Uh, you know, John, I think as being a banker I know what banks do in communities across America. Whenever there is an issue in a community across America, I can assure you one thing; a person who's standing at the table to help the community as a banker and the banker's there bringing their knowledge and capital. And I think when you then look across America and say, how many communities are in need of that assistance, that embracement, that coming to, you know, areas they normally wouldn't visit with their knowledge, we just needed to clear the path for that to be able to occur. And that's really the mission with the modernization of CRA.

No one in here could pass a test what's on the list of qualified CRA investments other than mortgages. We're going to provide that list. No body can really provide --

MR. BRYANT: So you can provide transparency in that.

MR. OTTING: We're going to provide

transparency.

MR. BRYANT: And a rulebook.

MR. OTTING: We're going to give you a list of -- here's all the things that qualify for CRA. And more importantly, if you have something that's unique or creative, come see us before and we'll give you a year or a day before you make the investment, because what happens is, is everybody drifts back to mortgages, you know, solely as the vehicle to achieve the lending goal. We want people to be creative in their markets. I mean a lot of really good banks; and I would point to Bill here from SunTrust, was creative in their approach the way they used their CRA dollars, but they needed to do it in the confines that what we were doing was going to qualify.

The second thing is the assessment areas. If you really think what's happened to America as we've consolidated banks, we've pulled away from rural America, we've pulled away from Indian country, we've pulled away from disaster zones, we have less assessment area. We want to give you more flexibility to broaden your assessment areas.

I tell the story when I was with OneWest Bank. Our assessment area was Los Angeles County, but we had branches in Ventura, Riverside, San Bernardino, and Orange County, but it wasn't our assessment area. And so we could make investments there, but they never qualified. That was absolutely nuts. We had branches in those communities.

So the third thing is, is how do we measure? I would pay anybody \$100 in this audience versus \$10 if you come up and take the bet, if you can actually tell me how the OCC determines what your rating is for your OCC. I've asked a thousand people; two people have gotten it right. And I've asked what I thought were the smartest people in America. So we need to come up with a way to be able to tell you how do we actually look at CRA.

If we came into the bank and said, we're not going to tell you what your liquidity or capital levels need to be, but we'll tell you after the exam, you would say that's the most stupidest thing I've ever heard, but that's, kind of, what we do with CRA today. And so our proposal that you'll see is we're going to show you how

we're going to measure units. We're going to spell it out. We're going to tell you objectively. And we're going to tell you how we're going to measure dollars. And that's -- those are the three things. What qualifies, where it qualifies, and how we'll measure you are the fundamental elements of modernization. And then the last element which we're going to ask for your help in is how do we pull all that data together so we can determine across America what's being done in CRA so people can understand, I think, the impact that financial institutions have in communities across America.

I've asked thousands of people how much CRA activity gets done in the United States on an annualized basis and I won't ask anybody to raise their hand, but its \$480 billion a year is done by the banking community in America into low to moderate income areas across America. I think that's remarkable, but just as important --

MR. BRYANT: It is. As we know, some of that is -- gets recycled every year, (inaudible)

MR. OTTING: That's right. And we're going to

take that out with the mortgages.

MR. BRYANT: Right, right.

MR. OTTING: But more importantly --

MR. BRYANT: It's great.

MR. OTTING: -- I'm convinced that if banks get clarity, they'll do more. I mean, how many institutions want to do more in the communities to which they serve? I will tell you the one --

MR. BRYANT: Doesn't your -- don't your calculations show that upwards of \$600 billion can flow as a result of this modernization every year?

MR. OTTING: At least \$100 billion more.

MR. BRYANT: And that combined with the Qualified Opportunity Zones, which also is, sort of, a parallel strategy in these communities, could be -- that with some financial literacy focus could be transformational.

MR. OTTING: That's correct.

MR. BRYANT: Yeah. Mr. comptroller, I jokingly said I thought you were nuts earlier. Actually I wasn't joking. But everybody's tried to change -- the worlds been a little off. And I will tell you this.

Two people in this audience that I know of who if there was a domestic Nobel Peace Prize for business would earn it. And I know these two people intimately. Bill Rogers who has ran up until yesterday SunTrust. I think it's called now Truist. And I went to Bill four years ago with an idea for something called HOPE Inside. He put me in two of his branches and put his arms around me and said this is my guy to the banking sector.

We now have 150 locations. We're raising credit scores 120 points in 24 months, 54 points in six months. Nothing changes your life more than God or love to move your credit score 120 points. (laughter) And we're getting the banks out of the no business and back into the yes business at scale and making it -- this a business case, not a charity case to get 100 million Americans back in the game for GDP. And while we're at the biggest banks in the country now, it wouldn't have happened unless Bill Rogers put his arms around me and said this is a good guy.

And the other guy that I would give the domestic Nobel Peace Prize to is you because Bill stepped out there on faith and did something that really

was unorthodox. You're making it -- you're going to make what was unorthodox traditional and standard. And what I'm hearing you saying is you want to upgrade this not just so that the bankers have more transparency -- and by the way, none of my community activist friends believe that what you're doing is authentic. I can tell you, seeing in the engine room, it is. You're going to -- you're trying make this a business case. You're trying to make this -- these minority neighborhoods a future business development center where you generate, basically, rehabilitate and create new customers for banks by rehabilitating them financially, getting their credit score up, getting them prepared, and counting things that allow them to not just feel good, but do good.

MR. OTTING: Absolutely.

MR. BRYANT: And for that alone, you do that alone, and you've changed America. And there was a comptroller that once won the Nobel Peace Prize. I don't know if you know that. He renegotiated war bonds. And I think if there was another chance to win a Nobel Peace Prize, you should get it. It's really quite

commendable and no good deed shall go unpunished. You've been getting beat up from everybody for doing this. But I tell you, 450 billion to \$600 billion every year. You go off and do something else. Whatever you're going to do in your career after being comptroller, this will be how you get into heaven. Can we please give him some appreciation? (applause)

MR. OTTING: Thank you. Yeah, you know, the one thing that I think is a myth is that CRA is bad business or there's high losses.

MR. BRYANT: That's right.

MR. OTTING: And it's a total myth. I mean, if you really narrow it down and look at CRA and what banks do across America, it's a very profitable, very enriching, huge tentacles into other opportunities for financial institutions in America. It is a legitimate segment of the business market for a financial institution. And to me, it's one of the best kept secrets, I think, the banks that do it well, that they can capitalize on this is not only -- it's a good business, but it promotes their brand and their image in the communities to which they operate.

MR. BRYANT: Well look at what -- I mean, Jamie Dimon, who has been helpful. Jamie Dimon and JPMorgan Chase has turned this so-called negative into a positive.

MR. OTTING: That's right.

MR. BRYANT: He's made -- he's turned it into a market leader that introduces him to new communities. He's making bets on urban America all across this country and it's good for his brand, it's good for his business.

MR. OTTING: That's right.

MR. BRYANT: He's put on the white hat.

MR. OTTING: That's right.

MR. BRYANT: SunTrust has something -- got something called onUp that they're doing that is a takeoff for financial literacy. I think Region's CEO is here and they've done some innovating things. A lot of their branches are in rural communities and they actually -- interesting enough, they made a commitment to a hundred HOPE Inside locations. They made a commitment to 200. That's not community service. You don't do 200 locations when you want to do good. You're

saying that's part of my business plan to make myself more competitive than my bank down the street who is less competitive. So is this --

MR. OTTING: And then I think a good point to that is --

MR. BRYANT: Yeah.

MR. OTTING: -- can I just interject is, is we as bankers have a bad reputation of, we have our box. You either fit that box from an underwriting perspective or you don't. And that's totally fine. But to have the option to say, look, you don't fit our underwriting standards, but let me take you over to meet somebody who can help you understand why, but more importantly plan for the future of how you can fit that box in the future. That's where there's been a gap that I think HOPE Inside has filled very effectively for America.

And the excitement of so many people who work for months to get their credit score up and to understand their DTI and what it takes to save so they can either buy a home or a car, whatever they're looking for and get back into the mainstream, I think that's a responsibility to us all as bankers is to help those

people get back into mainstream banking.

And the other side note to that, John, is I think you know one of the other big things that we've been focusing on is small-ticket consumer lending.

MR. BRYANT: Yep.

MR. OTTING: For whatever reason, in 2013, you know, Congress and a bunch of the regulators decided they didn't like that banks were involved in various forms of small-ticket lending and forced banks out of that space. You know, when I came in, we immediately issued a bulletin that saying we support this kind of lending. Now, it doesn't mean we're going to get a hundred percent of people back in the banks that don't qualify, but there's a stairstep back into the banking industry through small-ticket lending that I think instead of having check cashers and payday lenders and pawn shops and -- I'm not criticizing those people because they're capitalizing on a business --

MR. BRYANT: I am. Don't worry about it.

(laughter)

MR. OTTING: -- I know, business opportunity, but let's say 40 percent of those people could come back

into the banking industry and make it a legitimate product. That's the direction we want to head with that product. And I think that'll make a big difference as well.

MR. BRYANT: See, when you say stuff like that, comptroller, you just get me so excited about America. We forget -- like, we talk about these neighborhoods in, sort of, a dismissive way often. We don't realize that NASCAR came from moonshine running in the Appalachian Mountains. That's literally true.

The company, Pinkerton, which is heralded now, you know, was involved in some very sketchy activities in the 1800s in this country. Most big businesses were once small businesses. Goldman Sachs was a guy named Goldman and a guy named Sachs selling financial services back door-to-door. Who banked them when no one would bank them? All these big -- you know, Sam Walton --

MR. OTTING: Mm-hmm.

MR. BRYANT: -- Walmart, high school education and a storefront. Who banked -- what banker got behind Sam Walton with a high school education? Of course now, it's the largest retailer in the world. So what you're

doing when you say 40 percent of Americans getting back in the banking system, to me all you're doing is saying, let's get back to the original business plan of America of supporting small businesses, supporting the strivers, supporting the entrepreneurs. A saint is a sinner they got up. Let's focus on them, rehabilitate them, and, sort of, nurture the thing and get capital on a safe and sound basis, right?

MR. OTTING: Yep.

MR. BRYANT: And then let's bring them into the free enterprise system. That's what I'm hearing you saying. Is --am I getting that right?

MR. OTTING: Yes, you are.

MR. BRYANT: So --

MR. OTTING: And the bankers in the room want to do that. We've created regulations for the most part that have stopped them from doing it. I mean, on the small-ticket consumer lending, to have the expectation that you're going to underwrite a \$500 loan like you do a \$100,000 mortgage is absolutely absurd. So what happened was is everybody just got out of that business. And so we've created barriers that we have to break

down. And it's our responsibility as regulators to break those barriers down.

MR. BRYANT: So two questions, comptroller. All right, I know the -- I think that I can say this. The FDIC chair has been a real advocate of what you're doing and together you and her are representing, I think, 85 percent of the space.

MR. OTTING: We are, yep.

MR. BRYANT: And she's fantastic. It was a wonderful immigrant story. What are the two or three important elements that you want people to understand about CRA reform? I've heard a lot of noise; most of it not accurate, about people being afraid that you're deluding, destroying, trying to take it away. Some other bankers are thinking, oh my God, this is going to be onerous to us. So what are the elements that is most important to you? That's the first question. The second question is why are you doing this? What in your -- not just your brain, but in your soul has you inspired by this?

MR. OTTING: Yeah, so, first of all, I think change is always somewhat difficult for anybody no

matter what. So -- but be open to looking at our NPR in the new way that we think that is a step forward with CRA. Second of all, there is --

MR. BRYANT: For those that don't know what the NPR is --

MR. OTTING: Notice of Proposed Rulemaking.

MR. BRYANT: Right, right.

MR. OTTING: The second thing that I would impress upon people is this is really retilting back towards low to moderate income communities. And what I mean by that is I live in southwest Washington which is a neighborhood that is gone under rehabilitation over the last couple years, but it's still a low to moderate income area. And today, Joseph Otting's mortgage would be considered a low to moderate income area mortgage. So --

MR. BRYANT: Wow.

MR. OTTING: -- you know, moving away from that we're aligning this properly I think is a very critical point.

Second of all in the small business, today a million-dollar loan for small business; we're increasing

that to \$2 million in the revision --

MR. BRYANT: Mm-hmm.

MR. OTTING: -- so we can bring more small businesses into that focus. So there's some real key, I think, drivers in modernization that will make a difference.

Now, why am I doing this? It, kind of, goes back to my earlier comment that I know what bankers want to do in the communities across America, but we've built fences around their ability to do those activities in communities and we want to open those doors back up for bankers to be involved.

When I was a kid in Maquoketa, Iowa, the local bank sponsored my little league. And that was considered CRA back then. It's not today because it wouldn't be a low to moderate, but the fundamental things that I learned similar to your story about competition and teamwork and showing up on time for practice and having responsibility, those are the fiber of what makes America great. And we need to be able to invest in those type of activities across America to give people a chance.

MR. BRYANT: What in your soul, comptroller, mom, dad; what causes you to -- you've been -- look, it doesn't surprise me that you did this for a month, a day of the month, a year of your financial literacy day tour or you -- you know, you've -- you know, you had -- kept -- brought us in for a roundtable. I've been -- I've worked with, I don't know, eight administrations of comptrollers, but I've never seen anybody as laser focused on this as you to finish it and to treat it as a serious business. Why? What's in you that causes this for you?

MR. OTTING: Well, first of all, don't underestimate how many times I went home thinking I'm going to give up on this.

MR. BRYANT: Mm-hmm.

MR. OTTING: This -- you know, I was sworn in on November 27th and on November 28th we started working at the OCC. And this was 2017 on CRA modernization. I have fought the battles with Congresspeople. I have fought the battles with non-profits. I fought the battles with civil rights people. I fought the battles with some of the other regulatory agencies. But I would

tell you the reason I do this is, not only as a banker. I remember when I was a young banker, I was working for Bank of America and everybody said, hey, we're going over to teach Junior Achievement. And I said, well, what's that all about? And they said, well it's part of this thing called CRA.

MR. BRYANT: Mm-hmm.

MR. OTTING: And I remember I -- you know, they said here's the work plan. You got to read the work plan before you go over and next thing I know I was standing in front of 20 high school kids talking about what it took to be a small business owner. And I remember the look on those kids' face that we -- if it wasn't for CRA I would not have been there that night --

MR. BRYANT: Mm-hmm.

MR. OTTING: -- and the influence that it had. That was a stake in the ground for me. The second was -- is my father was a big believer in investing back in the community. So I remember as a young kid going to non-profit organizations, him helping with various entities. My father also supported Native American. There was a tribe in South Dakota that every summer our

family would go up into South Dakota and my dad had a special relationship with one of the chiefs there. And I saw the impoverished element of what was going on with Native American and realized that we could do more. So those are, I think, the fundamental elements, John, that drove me when I became a banker to see what CRA could do for communities across America.

MR. BRYANT: And then when I had you in -- I had you in the underserved area of Atlanta on a bus tour, you noticed that these -- some of these burned out buildings were market opportunities that it was 10 minutes from jobs downtown. So you also -- the left side of your brain, the heart's in place, but the left side of your brain, the analytical side, also sees the business case. It's just clean math.

MR. OTTING: Yep.

MR. BRYANT: There's no competition in this space.

MR. OTTING: That's right. Yeah, you know, John referenced this summer as part of seeking feedback and a number of you have come in and sat down with us in group sessions. You know, we first produced the -- kind

of, a Notice of Proposed Rulemaking in late 2018. We brought groups in to talk about our methodology and we've continued to tweak it. But we also in -- earlier this year, we went to five different communities across America and we had bus tours with community groups, bankers, non-profits, civil rights organizations, and politicians. And we went into the inner cities of these communities and they -- you know, were communities like Washington, DC and Los Angeles and Atlanta. And, you know, it's funny, as a banker, you know, five or seven years ago when you would make tours like this, you would walk away, and you would hear three things. You know, we need jobs, we need funding for small business, and we need housing. And I would tell you on the tours that we went on this last summer, it was clear. It's now housing is number one, housing is number two, and housing is number three. I mean, the dire need across America.

And Atlanta's a good example. There's an incredible new development occurring down by the football stadium. A \$3 billion dollar investment.

MR. BRYANT: The Gulch.

MR. OTTING: Yeah, now I couldn't get my driver to these homes, but I could get pretty close. Within a really short distance, there are still boarded up homes in downtown Atlanta that could be rehabilitated. A number of --

MR. BRYANT: \$30,000.

MR. OTTING: Yeah, \$30,000 for a 12 or 1,300 square foot, two-bedroom, one and a half bath home --

MR. BRYANT: Yep.

MR. OTTING: -- with another 10 or \$20,000 could really make it nice. But those homes are not being capitalized on because of the lack of liquidity. And when you talk to the non-profits in that market, they were saying we're starving for dollars to be able to buy these homes and fix them up. And then they turn them around to people with certain income levels.

But those are the things that, I think, we really have an opportunity across America to change the focus because the data's all there. If somebody owns the home and it's a reasonable price, you know, in relationship to their DTI, what it does to their family, the culture, all the things that go along with it. And

I think those are things that we can do collectively together.

MR. BRYANT: Ladies and gentlemen, we're -- in about five minutes we're going to take questions. So please prepare questions you have for the comptroller.

I will tell you this is transformational. You know, this is a moment in history, but history does not feel historic when you're sitting in it. It just feels like another day. It takes 20 years to look back at a moment and say it was a moment in history.

You know, 1875 you had another OCC bank; the Freedman's Bank, Abraham Lincoln.

MR. OTTING: Mm-hmm.

MR. BRYANT: You guys don't think change is possible. Abraham Lincoln created a bank called the Freedman's Bank after the Civil War. Tried to teach freed slaves about money. Unfortunately he was killed the next month. And that was an OCC bank and you closed it in 1874; the OCC did. And in some ways, I -- and when I walk into your office, I see one, a statement of diversity of all the women who -- of all races who are leadership in the OCC. And then I saw a charter for the

Freedman's Bank on your wall. So you get it. And obviously, again, I think it's important that you did this. Not a liberal, Democrat, whatever because people will write that person off and say they don't understand business. Rightly or wrongly, I think they'd get written off.

You're a conservative, Republican businessman who has made it like everybody in this room. But yet, you think you can do well and do good too. That's a role model for the future. And it's also, to me -- and I'm great on capitalism as we know it. So I want to commend you --

MR. OTTING: Thank you.

MR. BRYANT: -- without reservations for what you're doing. This will go on for generations yet untold. Quick couple questions.

The new CRA reform, without getting in specific. First of all, the thing you did with the internships, with young people, paying them 20 bucks an hour, I want that job.

MR. OTTING: (laughs)

MR. BRYANT: He gave them a stipend for some

clothes. They didn't have the proper clothes to come in. A stipend for food because they didn't have meals. Twenty bucks an hour and put them in a position where they would meet other professionals for how many weeks?

MR. OTTING: Six weeks.

MR. BRYANT: Six weeks from the roughest neighborhood in DC. The point here was, after six weeks of a type A personality meeting these young kids, they may not get something there, but that person can say, look, stay in touch with me. That's the way this game works. Stay in touch with me. In a couple years when you graduate, let me see if I can get you a job somewhere. That's called relationship capital. And that's how many people in this here -- in this room got a job, and your nephew got an internship. That's how the world works. So you're creating a ladder of opportunity.

So that's a CRA -- things like these internships might qualify under the new CRA.

MR. OTTING: It would, yeah.

MR. BRYANT: Small business investing, debt inequity might qualify.

MR. OTTING: That's correct.

MR. BRYANT: If I have a HOPE Inside as I do now inside of AT&T and UPS and Delta Air Lines helping low-wealth employees at those places.

MR. OTTING: Yep.

MR. BRYANT: KKR just brought them in to their employees. At Henry Kravis here in New York. So those low-income employees, because they're there, would that qualify?

MR. OTTING: It would. It's not where the location is, it's what they are -- who they are serving.

MR. BRYANT: So as long as there are low-income people --

MR. OTTING: Low to moderate income.

MR. BRYANT: -- low to moderate people, even if it's in a downtown location and you can prove your serving them, that will be acceptable.

MR. OTTING: That's correct.

MR. BRYANT: It's transformational.

MR. OTTING: Yep.

MR. BRYANT: Is there any other element of reform that you want to bring up before we, in a minute,

go to questions?

MR. OTTING: You know, I -- the last thing I would say about this because I may not get a chance to be in front of all of you between now and the end of the comment period, is give us your fair and honest feedback. As John said, this lid hasn't been opened for 25 years. If you think about Dodd-Frank when a number of us regulators got to town, we hadn't, kind of, opened that box for 10 years. And now we've opened it up. And if you really think of all the things that we've been able to do, both under the Economic Act and some of the capital issues and -- that, kind of, got put into the Dodd-Frank lockbox so to speak. And then we were able to, kind of, open that up and make adjustment.

If you think about it, in 10 years we made adjustments that everybody probably felt two years in; we should've done. Think about 25 years this has sat on the shelf because nobody has wanted to open the box. And so look at what we're proposing and give us your feedback. That's what I would say. Come see us if you want to talk about it. If you don't understand it, pick up the phone and give us a call and let us explain at

least what we're trying to do. But this is really something that -- it's going to take industry, it's going to take non-profits, it's going to take civil rights organizations, and politicians to be able to move this to the finish line.

And, you know, a lot of people will say to me, well, it doesn't fix that credit unions are not subject to CRA. Well, that's not in the statute so we can't fix that. And so you'd have to go and get a legislative fix for that. I can almost assure you that's not going to happen. So, you know, let's focus on the things that we can fix and the things that we can make it better collectively together.

MR. BRYANT: The -- we have some questions we're going to get to here in about two minutes on our schedule. So (inaudible) any questions, please load them up, send them to me.

Two things hit me I wanted to speak on. One is people note -- well, I'll do these quickly, but three things. One, what's the best thing about Washington, DC and -- that surprised you?

MR. OTTING: Oh, oh, oh.

MR. BRYANT: And what's the thing that -- and what's the worse thing about Washington that frustrated you? Go. And don't spend 20 minutes on this.

(laughter)

MR. OTTING: Well, we could use it. So the first thing I will tell you about Washington, DC that I as a banker had no appreciation for is the rule writing process. And then also, once you interject rule writing that requires multiple agencies to be involved in it, it's like bringing the United Nations together on so many topics and the back and forth on wordsmithing and concept. Usually a rule will take probably a year to get through the process. When left to my own druthers, we could do -- you know -- and you -- it'd be like you creating a new policy in your bank. You probably could get that done in 90 days. A year is probably expedited. If you think of the Economic Act, we had already. The law was in place. We just needed to write the rules. We just basically finished those rules, but it's been about 18 months to get that process. So I would say the rule writing process is enormous and complicated and difficult. And don't ever underestimate that.

The best part about being in DC is, you know, as being an American and being able to be around that city and see, you know, the Capitol and the White House and the Washington Monument and the Jefferson Monument and being able to go and visit those locations. And for me, every time I get a walk up to the White House for a meeting or something going on, it gives me goose pimples to realize, you know, this is the greatest country in the world. We are the most giving and capitalistic society in America and we can't ever forget, I think, the principles that we were founded upon. And while there's noise around all that stuff today, we have to stay with the mainstream of what made America great.

MR. BRYANT: Very good. And thank you for your service, by the way because no good deed shall go unpunished.

I'll tell you, not only have you worked structurally to be helpful, you've also worked informally to be helpful. So I've served three U.S. presidents from both parties. I've got some challenges with parts of this administration as you well know. We've talked about that. And I was ready to write some

of this off and you encouraged me to go see your friend, Secretary of the Treasury Mnuchin. And unfortunately for him, you put me next to him at a luncheon. And by the end of that luncheon he asked me to speak, which was not on the program. And I talked about the Freedman's Bank. And then we got the deputy secretary involved because of you. To make a long story short, because of this man, and he would never say it, not only did we three years ago rename the treasury annex building the Freedman's Bank Building in honor of these former slaves. So if you go on your phone now -- and by the way, Bill Rogers swore I would never get this done. He actually -- I think he actually bet me. If you go on your phone now, you'll see that the U.S. Treasury Annex Building is now the Freedman's Bank Building which we renamed. But I assumed that this administration would, sort of, walk past it. And I was wrong. Because of you and because of Mnuchin and his deputy, Justin Muzinich, they have now doubled down. They have now authorized a hope -- I mean a Freedman's Bank forum that will happen on the anniversary of the Freedman's Bank which is March 3rd of 2020. They will do it every year. The Secretary

of the Treasury will now pronounce March 3rd every year Freedman's Bank Day in America. They going to do a forum to bring all the leaders in this country together. CRA reform, EITC, SBA, HUD --

MR. OTTING: Opportunity Zone.

MR. BRYANT: -- Opportunity Zones, all these mechanisms to build up a new America, will come together under this Freedman's Bank forum and the Secretary of the Treasury will personally do a video, put it on their website, and promote this as a anniversary for free enterprise and capitalism for the least of these God's children every March for the end -- until the end of time as a new norm. It's like Martin Luther King's day for economics, basically.

But that happened not just because I wouldn't had a great meeting with the secretary or because it's the right thing to. It happened because behind the scenes, this guy was pulling strings to get me in the right places to make sure this message was told, and I want to make sure he gets credit for that.

One quick story about CRA and then questions. And the first question's going to be about the rule

itself.

So this kid named Derrick (phonetic) came into a classroom of ours in Detroit. And one of our bankers here, Paul, is from Detroit. And the -- basically, make a long story short, the banker was teaching financial literacy, comptroller. And the kid finishes. And by the third session he's wearing a suit like the banker. And the kids in the hallway tease him. Man, why you hanging around those bankers? And I go to defend his honor and said, look, take 70 bucks, make a decision about Nike. And the young man says, well -- because he learned, I want to buy a share of Nike stock. The other two kids say, well no, we want to buy some Air Jordans, which you need another 30 bucks. And then I -- so the kids say, man, why you want to buy that Nike stock? That's stupid. You need some Air Jordans. Everybody in school has Air Jordans; purple Air Jordans, fuchsia Air Jordans, leather Air Jordans. Everybody has Air Jordans. Tell you how powerful CRA is in this work of you going and being mentors. I go to defend the young -- bear his honor; defend him about these young brutes. And the Derrick says, no, no, no, no, no, it's cool. I

want them to buy those shoes because when they do, they're making me money. (laughter)

Ultimately, poverty's a mindset. It is not about physical poverty. It's about thinking that you can't. And this confidence that you've brought to Washington, this confidence that your mother and father poured into you to bring to this conference room, boardroom, and everywhere you go to lean in, the confidence you had to force people to talk me, to encourage people to talk to me that maybe otherwise would not. That's the confidence we want to pour in these neighborhoods. That's a role model we want to see in these corporate suites. We need to understand that we're all in this thing together. So before we get into questions, ladies and gentlemen please thank the comptroller of the currency, Mr. Otting. (applause)

And Greg, thank you for teeing up the conversation. On -- my birthday brother. On CRA are you willing to finalize an OCC only rule and when do you think that could be ready?

MR. OTTING: So first of all, the answer to that is yes, and I said that from the very beginning. I

don't think that that's going to be necessary. I'm -- you know, Yellen is showing up later today. I'm very optimistic that she will join the initiative. We've had a tremendous amount of dialogue and discussion. It is our plan in the middle of December to issue the NPR. There'll be a 60-day comment period which we -- you know, will push us into the February timeline. It'll take us about 60 days to analyze the comments and so our goal is late April into May that we could issue the final rule.

MR. BRYANT: I might rival shoot these and get them all in. You can answer the ones you like. On housing, regulations have forced banks out of holding and servicing mortgages and that has become a GSC non-bank business. Could you look at the collective impact of those rules?

MR. OTTING: I would be happy. I think I understand housing pretty well both from being a banker and then being the interim FHFA. I'd be happy, whoever submitted that question, to sit down and talk. We've seen this migration out of banking specifically into certain segments of government because the last cycle,

the financial impact, and the liability and the reps and warranties that banks got stuck with. That's really the issue; is if that's going to be apparent and there's exposure.

I can tell you a story about a loan where we funded the loan, the person paid down at three years, his wife got in a car accident, they had a disastrous financial situation, they ultimately lost the home. And then when they came back to look for a piece of paper to see the next morning that we call and confirm that the person was still employed. On that alone they charged us back the loan. And at that point forward Secretary Mnuchin and I said we would never do another one of those loans like that. And I think those are the things we need to have dialogue on.

MR. BRYANT: Going back to small-dollar lending, you and the FDIC have mentioned collaborating to get banks back into the small-dollar market. What do you anticipate that effort to look like and what is the timing?

MR. OTTING: Yeah, so we issued a bulletin on encouraging banks to get back in the business. There's

a number of the regional banks that are back in the -- we're, kind of, under dialogue right now whether we need to issue additional guidance or a rule. And my guess is that we'll do that before May of next year.

MR. BRYANT: What impact -- you guys are not used to a straight-talking comptroller, are you?

(laughter) What impact do you think real-time payments and the access to a real-time checking account balance would have on individuals seeking to accelerate the improvement of their credit scores? Mmm.

MR. OTTING: Yeah, I -- maybe I'd to have to understand that question. I don't see the parallel between real-time and credit scores. So maybe I need to understand the questioner's viewpoint on that.

MR. BRYANT: So I don't know the questioner or the perspective. I do know that for a long time if you were on check systems --

MR. OTTING: Mm-hmm.

MR. BRYANT: -- you bounce checks, there was no clear path back into the mainstream. Your credit score was disastrous. By the way, I don't know if you guys know this. Half of African Americans have a credit

score below 620. Think about that. Think about that. That's almost worse than racism. And you don't even -- it's invisible. You don't even know that you're being denied access to -- it's what you don't know that you don't know that's killing you, but you think you know. PhDs, people with suits and ties, just never got the memo on free enterprise that Lincoln was trying to do with the Freedman's Bank, and there was all of that. This is -- they're great at other -- we're great many other things, but that one piece we've got to improve. And it just struck me when you're talking about things like check systems, things like that. How do you get the path -- is there through CRA reform -- is -- are you going to encourage a pathway of rehabilitation back for (inaudible)?

MR. OTTING: You know, I think if you look at most banks, they've -- they now have a second chance, kind of, checking program.

MR. BRYANT: Yeah.

MR. OTTING: And I think that's been quite successful. Yesterday at the FDIC Board Meeting we approved that people with minor crimes -- you know,

historically, people with minor crimes could not come and work in the banking system. And so we're moving down a path to clear that up as well. So I think those are two programs.

MR. BRYANT: Wow, can you repeat that?

MR. OTTING: Pardon me?

MR. BRYANT: Could you repeat that last thing?

MR. OTTING: Yeah, yesterday we approved at the FDIC Board Meeting that people with minor crimes could come back into the banking system and be employed. We're -- before it was a very hard line to that, so.

MR. BRYANT: Ladies and gentlemen, my brother from another mother, Comptroller Otting. (applause)

MR. OTTING: Thank you. (applause)

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