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LDF Media
212-965-2200 / media@naacpldf.org

LDF President and Director-Counsel Janai Nelson Testifies Before Senate Banking Committee on Racism and Discrimination in Banking

This morning, [Legal Defense Fund](#) (LDF) President and Director-Counsel Janai Nelson testified before the United States Senate Committee on Banking, Housing, and Urban Affairs' [hearing](#) "Fairness in Financial Services: Racism and Discrimination in Banking."

Nelson's [written testimony](#) highlights how financial institutions have discriminated against Black people and other people of color for decades and that discrimination by financial institutions remains a persistent problem today, especially in the following areas:

- Lack of access to traditional financial services;
- Higher opening deposits, fees, and service costs;
- Higher denial rates for mortgage and small business loans, and higher interest rates;
- Algorithmic bias in financial technology; and
- Racial profiling in bank transactions.

"Access to financial services is essential to creating economic mobility and opportunity. Yet Black communities and other communities of color have long been deprived of the full and equal opportunity to save for the future, invest in a business, buy a home, and build inter-generational wealth to sustain the futures of their children and grandchildren," Nelson writes. "Today, financial institutions still fail to adequately serve communities of color and continue to offer people of color worse service on worse terms or deny them service altogether."

Due to persistent and unfair discriminatory banking practices, the Black-white homeownership rate gap is wider now than it was in 1968, when Congress passed the Fair Housing Act, and the racial wealth gap continues to grow. Currently, Black households have approximately seven cents on the dollar in net worth relative to white households.

"Congress and federal regulators must act to ensure that financial institutions offer full and equal access to people and communities of color," Nelson adds. "We applaud Senator Sherrod Brown and his colleagues for introducing the Fair Access to Financial Services Act and encourage the Senate to pass this critical legislation. In addition, federal regulators should update the Community Reinvestment Act to ensure that banks actually serve the entire community — including communities of color — and federal regulators should also use their existing power — supplemented by additional legislation if necessary — to address algorithmic bias in the financial sector."

Read Nelson's full written testimony [here](#).

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Founded in 1940, the [Legal Defense Fund](#) (LDF) is the nation's first civil rights law organization. LDF's Thurgood Marshall Institute is a multi-disciplinary and collaborative hub within LDF that launches targeted campaigns and undertakes innovative research to shape the civil rights narrative. In media attributions, please refer to us as the Legal Defense Fund or LDF. Please note that LDF has been completely separate from the National Association for the Advancement of Colored People (NAACP) since 1957—although LDF was originally founded by the NAACP and shares its commitment to equal rights.