

MEMO# 5113

August 31, 1993

REMARKS OF BANKAMERICA CHAIRMAN IN SUPPORT OF EXTENDING CRA TO NONBANKS

August 31, 1993 TO: BOARD OF GOVERNORS NO. 76-93 RE: REMARKS OF BANKAMERICA
CHAIRMAN IN SUPPORT OF EXTENDING CRA TO NONBANKS

The Chairman and Chief
Executive Officer of BankAmerica Corporation, Richard M. Rosenberg, recently
recommended an extension of the Community Reinvestment Act to mutual funds and other
nonbank financial institutions. In a recent appearance before the Federal Reserve Bank of
Dallas Community Reinvestment Conference, Rosenberg stated that these institutions
"benefit indirectly" from FDIC deposit insurance, at banks' expense. Rosenberg argued that:
What has emerged in the past decade-and-a-half is a parallel banking system comprised of
mutual funds, finance companies and commercial paper markets -- an industry that
provides traditional banking services but has no explicit charge to serve lower-income
segments of the community. Rosenberg concluded that CRA should be viewed as a "big
tent" in which "everyone with commitment, resources, or ideas is welcome." A copy of
Rosenberg's speech is attached. Matthew P. Fink President Attachment

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