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## Honoring Martin Luther King’s Vision of Equality By Financial Regulators Advancing Economic Justice


*Thursday, January 16, 2025*

Dr. Martin Luther King Jr.’s fight for economic justice and equality remains as critically important today as when he died, particularly within the financial sector. He recognized that true equality encompasses not only civil rights but also [equitable access to economic opportunities and resources](#). In his 1967 book, “[Where Do We Go From Here: Chaos or Community](#),” Dr. King emphasized the need to address economic disparities, stating, “[The curse of poverty has no justification in our age](#).”

U.S. financial regulatory agencies—including the Federal Reserve Board (Fed), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), Securities and Exchange Commission (SEC), Commodity Futures Trading Commission (CFTC), and Consumer Financial Protection Bureau (CFPB)—play pivotal roles throughout the economy and financial system. In upholding market integrity, combating fraud, empowering communities through fair credit and financial education, and promoting sustainability and justice, the agencies are on the front lines of making sure the economy and financial system work for all Americans. Whether through bank savings and checking accounts, credit or debit cards, or loans of any type, these agencies are mandated to ensure that the financial system operates fairly and transparently for all Americans, regardless of race, income, or wealth, providing protections that are essential for economic equity.

The Fed influences economic conditions by focusing on employment, inflation, and financial regulation, directly influencing overall economic conditions, activities, and stability. The OCC and the FDIC ensure that banks operate safely and soundly and protect consumers from discriminatory practices while promoting access to fair and equitable banking services. The SEC safeguards investors and promotes business and job creation by regulating securities markets to ensure they are fair, orderly, and efficient, while also enforcing laws against fraud and market manipulation.

The CFTC plays a critical role in overseeing the commodities and derivatives markets, ensuring they remain fair and transparent. This protects everyday Americans from price manipulation that could affect the cost of essentials like breakfast cereal or gasoline for their cars. Through regulation and fraud and abuse prevention, the CFTC helps ensure that the prices of everyday commodities that families and businesses depend on are available at the right time, in the right quantities, and reasonably based on supply and demand. Lastly, the CFPB champions consumer rights in the financial sector, ensuring that financial products and services are accessible, fair, and transparent, so individuals can make informed decisions about their financial futures.



By fulfilling their mandates, these regulatory bodies are vital to ensuring that our economy works for all Americans and our financial system supports economic justice. This reflects Dr. King’s [vision of a society where economic opportunities are accessible to all](#) and economic disparities are addressed through systemic change. Their roles are crucial in creating an environment where economic empowerment and advancement are possible, including in particular for historically marginalized communities.

## The Banking Regulators (Fed, OCC, FDIC)

### Economic Justice and Market Integrity

The Fed, OCC, and FDIC are instrumental in ensuring the stability and integrity of the U.S. banking system. By enforcing regulations, including the Community Reinvestment Act (CRA), that promote fair lending practices and prevent discriminatory behaviors, these agencies help to dismantle systemic barriers that have historically marginalized or excluded minority communities. For instance, the agencies’ Consumer and Community Affairs staff oversees compliance with consumer protection laws to ensure fair access to credit. Moreover, the FDIC recently adopted a rule to implement the [Fair Hiring in Banking Act](#) on July 31, 2024, which will expand job opportunities in the banking industry, particularly benefiting minority communities who are disproportionately affected by the criminal justice system.

### Combating Fraud in Underserved Communities

Banking regulators oversee financial institutions to prevent predatory practices that often target vulnerable populations. All of the banking regulators conduct risk-focused examinations to identify emerging risks and take supervisory actions to mitigate those risks. Additionally, we have advocated for enhanced scrutiny of new products such as [bank-fintech partnerships](#) or [artificial intelligence](#). The banking agencies must protect consumers from deceptive schemes that may exploit minority communities and cause losses of consumers’ money.

### Empowering Communities Through Financial Education

The banking regulators collaborate to promote [financial literacy programs](#) tailored to the needs of minority communities. By providing resources that educate consumers about safe banking practices and the risks associated with alternative financial products, they empower individuals to make informed decisions.

### Sustainability and Justice

Incorporating environmental, social, and governance (ESG) considerations into regulatory frameworks advances economic justice, including in particular for communities of color and low- and moderate-income communities who disproportionately suffer from anti-environmental actions in particular. By ensuring that they effectively manage [climate risks](#), the banking regulators support a strong banking system that can also promote equitable economic development.



## Securities and Exchange Commission

### Economic Justice and Market Integrity

One way the SEC promotes economic justice is through disclosure requirements. These disclosure requirements promote a more level playing field between corporations and ordinary Americans. They can also highlight areas of unfairness. For example, the SEC has a rule that requires disclosure of the pay ratio of a company's CEO compared to its rank-and-file employees. This metric [shines a light](#) on pay inequity and income inequality.

### Combating Fraud in Underserved Communities


The SEC plays a crucial role in identifying and prosecuting securities frauds, which often disproportionately affect minority investors. By focusing enforcement efforts on schemes targeting these communities, such as [affinity frauds](#), the SEC can protect vulnerable populations from financial exploitation. An [affinity fraud](#) is “a form of securities or investment fraud that targets identifiable, often socially vulnerable, groups such as racial, ethnic, or religious minorities, and is perpetrated by individuals who are (or pretend to be) members of that group or claim they want to help members of that group.” The SEC's Miami Regional Office started a Fraud Against Minority Groups Initiative in 2022 [targeting these schemes](#), and since then the SEC has brought over 30 cases alleging affinity fraud. One such case involved a Ponzi scheme that [defrauded](#) 1,500 Haitian-Americans out of \$112 million. Those investors wrote that they trusted the perpetrators and invested because they sought “[a better future](#) for ourselves and our children.”

### Empowering Communities Through Financial Education

Through initiatives that enhance financial literacy, the SEC can equip minority communities with the knowledge to navigate complex investment products and recognize fraudulent schemes. Just as the SEC works to identify scams that target vulnerable populations, the SEC is “going into targeted communities to [educate](#) people about the warning signs of fraud.” For example, the First Born Again Baptist Church in Miami, with over 350 mostly Haitian-American members, hosted SEC staff members twice in 2024. These educational programs that demystify securities markets are essential in promoting inclusive participation. The SEC's Office of Minority and Women Inclusion ([OMWI](#)) also has been instrumental in promoting such diversity and inclusion efforts by working to ensure that the SEC's workforce is representative of all communities.

### Sustainability and Justice

By implementing and enforcing disclosure requirements related to ESG factors, the SEC can promote transparency and encourage investments that align with social justice principles. For example, the SEC [adopted](#) the Investment Company Names rule in September 2023. The rule requires that funds whose names include terms indicating that the fund's investment decisions incorporate one or more ESG factors have a policy to invest at least 80% of its assets in the type of investment its name suggests. The rule thus prevents “greenwashing”—false representations that



an investment considers the ESG factors. The adoption of the investment company names rule was crucial because, [by some estimates](#), overall ESG assets under management may reach \$40 trillion by 2030. This makes it exceedingly important that mutual funds and ETFs not deceive investors about their use of the ESG factors in their investments. Investors are increasingly taking ESG information into account when making investment decisions, and the names rule sends [a clear signal](#) to investment companies that if a fund's name implies that it focuses on a particular investment strategy it must be sure to actually follow that strategy.

## Commodity Futures Trading Commission

### Economic Justice and Market Integrity

The CFTC plays a critical role in maintaining the integrity of U.S. commodities and derivatives markets, ensuring they remain fair and transparent. This oversight prevents market manipulation that could inflate the prices of essentials like wheat for bread, corn for livestock feed, or crude oil for gasoline. For example, in June 2024, [the CFTC fined Trafigura Trading LLC \\$55 million](#) for manipulating market prices using misappropriated information. Such enforcement actions protect consumers from price spikes that directly affect the cost of putting food on the table and fuel in their cars. This underscores the CFTC's importance in safeguarding economic fairness for everyday Americans.

### Combating Fraud in Underserved Communities


The CFTC actively combats fraudulent schemes that target vulnerable minority communities. A notable example is the December 2024 enforcement action against a pastor in Pasco, Washington. This pastor [exploited his position of trust within his Spanish-speaking](#) congregation to defraud over 1,500 individuals through a fraudulent commodity marketing scheme, misappropriating at least \$5.9 million. He falsely promised guaranteed profits from a non-existent trading platform, deceiving many who had little experience with commodity trading. The CFTC's enforcement action demonstrates the important role of regulatory enforcement in protecting underserved communities from financial exploitation, especially when trusted community leaders perpetrate such schemes.

### Empowering Communities Through Financial Education

Educational outreach is a key part of the CFTC's mission to empower individuals and communities. By providing clear and accessible resources, the CFTC helps people understand derivatives markets and protects them from fraud. The Commission's [Office of Customer Education and Outreach](#) creates programs to educate the public about the risks and benefits of commodity futures and derivatives trading. These efforts are focused on promoting financial literacy and inclusivity in diverse communities.

### Sustainability and Justice

The CFTC contributes to sustainability efforts by overseeing emerging markets, such as carbon trading. In September 2024, the CFTC issued its first [guidelines for carbon credit derivatives markets](#), aiming to enhance transparency and integrity in these markets. This initiative supports environmental justice by promoting fair and efficient markets for carbon credits. It aligns with Dr.



Martin Luther King Jr.’s vision of economic justice by facilitating investments in sustainable projects that benefit all communities.

## Consumer Financial Protection Bureau

### **Economic Justice and Market Integrity**

The CFPB is uniquely positioned to champion economic justice by ensuring that financial products and services are fair, transparent, and accessible to all. In addition, through its enforcement of fair lending laws, the CFPB combats discriminatory practices that disproportionately harm minority communities. In recent years, the CFPB has launched several initiatives to combat racial discrimination in lending, including the release of data exposing disparities in mortgage approval rates for Black and Hispanic borrowers. These efforts were bolstered by enforcement actions against lenders engaging in redlining or other discriminatory practices. One notable case involved Trident Mortgage Company, which was found to have actively discouraged minority applicants. The CFPB’s action resulted in a \$24 million settlement, including restitution for affected consumers and community investment programs.


Dr. King’s vision of economic equality resonates strongly with the CFPB’s mission to root out practices like redlining and other systemic barriers that inhibit minority access to financial resources. The CFPB’s efforts to ensure credit access and fairness in mortgage lending contribute to leveling the playing field for historically marginalized groups. For example, the CFPB’s Small Business Lending Rule will increase transparency and fairness in small business lending by requiring lenders to collect and report certain demographic data on credit applications. This includes information on loan terms, approval rates, and demographic details like the race, gender, and ethnicity of applicants. The rule helps identify discriminatory practices, enabling more equitable access to credit for marginalized communities, such as women-owned and minority-owned businesses. By promoting accountability, equity, and fairness, the rule will reduce systemic barriers to credit, fostering economic growth and opportunity in underserved areas.

### **Combating Fraud in Underserved Communities**

Fraudulent and predatory financial practices often target underserved and vulnerable populations. The CFPB has aggressively pursued cases against payday lenders, debt collectors, and other entities exploiting financial insecurities in minority communities. Strengthened enforcement in this area protects those most at risk, ensuring that economic exploitation does not perpetuate cycles of poverty. The CFPB’s actions against unfair practices like predatory lending align directly with Dr. King’s call for economic fairness.

### **Empowering Communities Through Financial Education**

Financial literacy is a key component of economic empowerment, and the CFPB is a leading advocate for consumer education. Its initiatives, such as “Know Before You Owe,” aim to equip consumers with the knowledge to make informed financial decisions. Minority communities, often disproportionately affected by complex and predatory financial products, greatly benefit from these



educational resources. Dr. King’s vision of empowering individuals through knowledge is embodied in the CFPB’s ongoing efforts to make financial systems accessible and understandable for all.

### **Sustainability and Justice**

The CFPB contributes to sustainability and justice by addressing the intersection of environmental and economic challenges. For instance, the bureau has a role in ensuring fairness [in lending for green energy projects](#) and environmentally sustainable housing developments. By fostering equitable access to financing for such initiatives, the CFPB supports environmental justice efforts that align with broader societal goals of sustainability and equity, resonating with Dr. King’s principles of justice and fairness.



Better Banks | Better Businesses

Better Jobs | Better Economic Growth

Better Lives | Better Communities

**Better Markets** is a public interest 501(c)(3) non-profit based in Washington, DC that advocates for greater transparency, accountability, and oversight in the domestic and global capital and commodity markets, to protect the American Dream of homes, jobs, savings, education, a secure retirement, and a rising standard of living.

Better Markets fights for the economic security, opportunity, and prosperity of the American people by working to enact financial reform, to prevent another financial crash and the diversion of trillions of taxpayer dollars to bailing out the financial system.

By being a counterweight to Wall Street's biggest financial firms through the policymaking and rulemaking process, Better Markets is supporting pragmatic rules and a strong banking and financial system that enables stability, growth, and broad-based prosperity. Better Markets also fights to refocus finance on the real economy, empower the buy-side and protect investors and consumers.

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