



UNIVERSITY
OF ALBERTA

CPA Speaker Series:

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Social Movement and Racial
Discrimination in Mortgage Lending

Friday, October 13, 2023

2:00 PM - 3:30 PM

Location: BUS 3-06

ABSTRACT

This paper examines the effect of the Black Lives Matter (BLM) movement in mitigating racial discrimination in mortgage lending. We first validate that BLM protests are associated with increased awareness and reckoning of racial inequality by local residents. For a sample of mortgage loans guaranteed by Government Sponsored Enterprises (GSEs), we next find the gap in mortgage interest rates between Black and White borrowers declines significantly after occurrences of BLM protests in the treated counties, compared to the matched-control counties, in which no protests occurred. We further document that banks are less likely to close branches in Black neighborhoods after the BLM protests in the treated counties. These findings cannot be explained by changes in Black borrowers' creditworthiness or lenders' overall underwriting standards. Our collective evidence suggests that social awakening to racial injustice mitigates price discrimination in mortgage lending.

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