# Reduce CRA Risk and Improve Marketing Efficiency with Census Tract Marketing

Compliance risk and growth pressure are colliding—and marketing is a sitting duck right in the middle.

Regulators continue to scrutinize how financial institutions serve low- and moderate-income (LMI) communities under the **Community Reinvestment Act** (CRA). At the same time, bank leaders are under constant pressure to grow deposits and loans efficiently, without wasting already-tight marketing budgets. When those goals aren't aligned, the consequences can be significant: growth restrictions, reputational damage, and costly remediation tied to poor CRA performance.

This is why more banks are rethinking how they market in CRA-eligible areas—and why Census Tract Marketing has become a critical strategy, not just a compliance checkbox.

Census Tract Marketing gives financial institutions more control over:

- How outreach aligns with CRA expectations
- Where marketing dollars are spent on CRA campaigns
- What documentation is available for regulators

## CRA Marketing – A Combo Responsibility of Compliance and Marketing

For many banks, CRA marketing is still treated as a compliance obligation. It helps protect the institution from regulatory risk while creating a clearer, more defensible record of how marketing dollars support equitable access to financial services.

Financial institutions already dedicate a meaningful share of operating expenses to compliance. Compared to pre-financial crisis spending levels, operating costs spent on compliance have increased by over 60 percent for retail and corporate banks. Despite that investment, many institutions still struggle to clearly demonstrate how their marketing efforts align with CRA.

The risk isn't limited to fines. When regulators evaluate CRA performance, they look for evidence that institutions are actively serving designated communities—not just through policy, but through outreach. Marketing programs that lack precision or documentation can leave banks exposed during exams, even if the intent to comply is there.

## How Census Tract Marketing Works

Census Tract Marketing aligns marketing execution directly with census tracts identified by the financial institution. Instead of relying on broad ZIP code targeting or static household lists, this approach enables banks to market within defined geographic areas using execution methods designed with regulatory review in mind. This way, the institution isn't scrambling to justify decisions after the fact—it's building compliance considerations into the campaign from the start.

## How Strategic CRA Marketing Reduces Risk and Waste

One of the biggest challenges banks face is the disconnect between how census tracts are defined and how marketing is traditionally executed. Census tracts are designed for statistical consistency, not for ease of marketing execution. When banks attempt to bridge that gap on their own, they often default to inefficient workarounds—marketing entire ZIP codes or purchasing household lists that inflate cost and dilute impact.

From a risk perspective, this creates two problems:

- **Marketing spend waste**, as dollars are deployed to households that fall outside qualifying tracts
- **Weaker compliance narratives**, because it becomes harder to explain why non qualifying areas were included

Census Tract Marketing addresses both issues by translating census tracts into neighborhood level execution across direct mail and digital channels. Households within the specified tracts are matched to proprietary distribution methods, allowing institutions to focus outreach where it matters and eliminate unnecessary exposure elsewhere.

Equally important, this structure supports documentation. Banks can retain address level reporting tied to census tract outreach, giving compliance teams tangible evidence of marketing exposure should regulators request it. This doesn't eliminate regulatory scrutiny—but it strengthens the institution's position during exams and reviews.

## Turning Compliance into a Smarter Marketing Strategy

When executed correctly, Census Tract Marketing helps bridge the gap between compliance and performance. By combining neighborhood-level targeting with multi-channel execution and reporting, banks can show regulators clear evidence of outreach while gaining better insight into what's driving applications and accounts within targeted communities.

Rather than competing priorities, compliance and growth become mutually reinforcing—allowing institutions to strengthen CRA performance, improve marketing efficiency, and deepen engagement in the neighborhoods that matter most.

The result is a program that compliance teams can stand behind, marketing teams can optimize, and leadership teams can justify—especially in an environment where regulators expect more transparency and precision in how institutions serve their communities.