

Discussion:

The Impact of FinTech on Discrimination in Mortgage Lending

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NOE Workshop
November 04, 2022

Summary

FinTech lenders are **not discriminating** Black & Hispanic borrowers after controlling for similar characteristics using **matching analysis**, and may **change discriminating behavior by traditional lenders**.

Data used:

- ① Home Mortgage Disclosure Act (HMDA) public dynamic loan dataset
- ② Optimal Blue data (OB) \Rightarrow credit score [**proprietary**]

Contribution: compare w/ Bartlett, Morse, Stanton, and Wallace (2019),

- ① HMDA-OB \Rightarrow control for **upfront mortgage cost**
- ② HMDA-OB \Rightarrow **more precise** def of discrimination
- ③ matching analysis \Rightarrow control for zip-code level characteristics

My take

- Very positive opinion on FinTech regarding discrimination!
- Clear and significant regression result on the discrimination!
- Conclusion is the same as Bartlett et al. (2019)...
 - contributions seems like only **proprietary data**?
- Possible extension:
 - Policy implication: given benefit of FinTech, what policy gov should impose on FinTech?
 - Causal relationship: is FinTech not discriminating because it is **intrinsically more open** to discriminated group OR the **lack of regulation** allows FinTech willing to make more risky investment?

Some details

- Figure 2a and 2b using color map yet difference between Black&Hispanic v.s. White Fico range is not visually significant
 - Aggregate one GSE price index?