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Racial Disparities in Mortgage Lending

In this article the authors show how even with most factors like income, loan history, and other financial metrics accounted for individuals of caucasian decent are several times more likely to get approved for mortgage loans than individuals of minority ethnicity. I found the subject matter of this article personally relevant as a student of computer science and the growth of new algorithmic technologies in the industry.

As a student in computer science and someone who hopes to be designing technologies for the future I feel that it is deeply important for me and other individuals in my field to be knowledgeable about how considering only certain factors can result in major racial disparities. For most engineers from a technological perspective the main aim of an algorithm is to achieve a certain end goal profitable for business. In this case that end goal would be to minimize risk. However, it is really important for us that when we test our algorithm we do not just test if it's working and making a profit but what is the higher level impact of it.

In the case of the subject matter discussed in this article, an algorithm that uses risk factor as its metric to find an optimal output shows a racial bias. This does not mean that the algorithm or the engineers who design it have a bias, it is a reflection of the data which has been affected by centuries of discrimination. Not factoring the biases of our data and just focusing on the profit

creates a severely inequitable society, as the article suggest here one of the solution could be focusing on other factors rather than risk minimization.

In conclusion, I found the subject discussed in this article to be quite important and something that will cause even more problems in the future when we let algorithms make even more impactful decision based on bias data. As someone who plans to be a part of this future I am reminded once more how much important it is for us to have a larger historical perspective on the work that we do.

References

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