Consumer Financial Protection Bureau

Taskforce on Federal Consumer Financial Law

Public Hearing

I. Summary:

The Taskforce on Federal Consumer Financial Law (Taskforce) will examine the existing legal and regulatory environment facing consumers and financial services providers and report to Director Kraninger its recommendations for ways to improve and strengthen consumer financial laws and regulations. The Taskforce will produce new research and legal analysis of consumer financial laws in the United States, focusing specifically on harmonizing, modernizing, and updating the enumerated consumer credit laws—and their implementing regulations—and identifying gaps in knowledge that should be addressed through research, ways to improve consumer understanding of markets and products, and potential conflicts or inconsistencies in existing regulations and guidance.

During today's discussion, the Taskforce is interested in hearing the ideas and perspectives from key Bureau stakeholders on innovation, inclusion, competition, and modernization of the financial regulatory framework.

II. Discussion Questions:

Below are a few questions to help facilitate the discussion but should not limit the discussion to these questions.

1. **Legal framework of consumer protection:** Consumer financial protection is promoted by a framework of laws, regulations, decisions, directives, regulatory policies, guidelines, recommendations and procedures made by numerous state and federal regulatory organizations.
    - Are there areas in which existing consumer protection laws are inadequate or need to be strengthened to ensure consumers are adequately protected?
    - How can the Bureau use its regulatory tools of rulemaking, enforcement, supervision, and education effectively to maximize consumer welfare?

2. **Consumer information and education:** Financial mobility and empowerment is enhanced by increases in formal education, financial education, and consumer choice. This is particularly true with vulnerable and protected populations.
    - What actions can the Federal government take to enhance financial mobility?
    - Do you think that providing information for consumers in disclosures are adequate for protecting consumers? How should disclosures be updated for the electronic age?

3. **Competition and innovation:** In competitive marketplaces there are typically abundant producers competing to provide consumers with the goods and services needed, and no single producer or consumer can dictate the market. Technology has led to rapid changes throughout the economy, and financial technology (or "FinTech") has led to the development of new financial services and nontraditional financial service providers.
    - Are there markets where competition is not effective as it could or should be? Are there financial markets where competition does not create beneficial outcomes for consumers?
    - What conditions are limiting competition among financial institutions responding to consumer needs? Are there restrictions, legal barriers, or any other factors that limit financial service organizations providing services to consumers?

- What trends in FinTech are you seeing today? What studies or regulatory reforms are needed to protect consumers while enhancing competition over the next ten to fifteen years?

4. **Inclusion and access:** Access to credit is a driver for wealth creation.
   - Are there regulatory issues that should be addressed at the federal level to promote greater access to consumer financial products and/or services to underserved or unbanked individuals?
   - What do we know about why consumers are outside the financial system? What do you think are the primary barriers to inclusion, and what public policies would reduce them?
   - How do potential new entrances (e.g. Fintechs or traditionally non-financial companies) play a role to increase inclusion?

5. **Regulatory modernization and flexibility:** The development of the national economy of consumer finance led to the growth of consumer protections in the 1960s-70s. Today consumers shop for and use financial products differently than at that time.
   - How do we protect consumers from new threats while enabling providers to develop new and better ways to serve their needs?
   - The pandemic highlights the need to ensure the Federal government can quickly adjust and provide regulatory flexibilities. How do we create a system that is responsive to acute market disruptions (i.e. 9/11, the 2008 financial collapse, COVID) while providing a stable regulatory framework for consumers?