MATT: JOIN WEBEX AT 2:45PM & CALL TO ORDER AT 3PM

- Good afternoon everyone. Thank you for joining today's public hearing with the CFPB Taskforce on Federal Consumer Financial Law. We wish we could all be together, but we're pleased so many of you have been able to join online and by phone.

- My name is Matt Cameron and I serve as the Staff Director for the Taskforce on Federal Consumer Financial Law and Deputy Associate Director for the Office of Stakeholder Management.

- I'd like to start by thanking the members of the Taskforce and our distinguished panel of experts. We are thrilled to bring together a group of experts with such a wide range of viewpoints that will help the recommendations that the Taskforce will submit to the Director early next year.

- In interest of time I'd like to go ahead and get started. Director Kraninger, the floor is yours.

DIRECTOR SPEAKS (5 minutes)

- Thank members
- Share why TF was created
- Background (NCCF)
- Scope
- Types of recommendations

TASKFORCE CHAIR, TODD ZYWICKI SPEAKS (15 minutes)

- Thank you, Director Kraninger.

- Good afternoon, everyone. Thank you for joining the CFPB Public Hearing hosted by the Taskforce on Federal Consumer Financial Law.

- My name is Todd Zywicki. I serve as the Chair of this Taskforce. I am also Professor of Law at George Mason University (GMU) Antonin Scalia Law School, Senior Fellow of the Cato Institute, and former Executive Director of the GMU Law and Economics Center.

- I am going to keep my comments brief but will provide a short background on what the Taskforce has been up to since the body was formed in January; why this work is important, and then some of our goals for today's hearing before we get started.

- Before that, I would like to thank our members of the Taskforce for their dedication to this helping the American consumer, and to introduce the members of our panel.

- Each member of the Taskforce has committed their career to improving the health of America's financial system and consumer protection. As part of our mandate, we are leveraging our combined 150 years of professional experience as well as the extensive expertise that exists within and outside of the Bureau. On behalf of my colleagues on the Taskforce, it is an honor to be asked to serve the American consumer through this initiative.

- PANELIST INTRODUCTIONS

    - Vernon Smith
    - Vicki Bogan
    - Mehrsa Baradaran
    - TBD
    - TBD

- As Director Kraninger mentioned, the Taskforce is in part inspired by the National Commission on Consumer Finance. And just as the Commission's report contains original empirical data, information, and analyses—all of which undergird the report's final recommendations; this Taskforce will examine the existing legal and regulatory environment facing consumers and financial services providers and will publish a two-volume report of our findings and recommendations.

- The first volume the Taskforce's report will provide a historical overview of consumer financial protection laws, analyze costs and benefits of financial products and services, outline redundancies and gaps in the current regulatory framework, and assess the current state of the laws and their influence on consumers and the marketplace.

- The Taskforce will use the insights gained to develop a second volume that will include a set of recommendations for the Bureau on ways to improve and strengthen the application of financial laws and regulations in the second volume.

- All of this activity will be centered around the underlying principle of strengthening consumer protections in the financial marketplace, in accordance with our statutory mandate.

- We are committed to ensuring the public can inform our work, through transparent and inclusive engagements. To help scope our work, the we held a

listening session with representatives from various consumer advocacy and trade groups. We also issued a Request for Information (RFI) and reviewed comments from prior information submitted to the public, such as the Call for Evidence RFIs from 2017. In the future we plan to engage with our state and Federal regulatory partners as well as the Bureau's Advisory Committees in the Fall.

- Our work is at a pivotal moment, when we are beginning to conclude our analysis, and we are beginning to develop recommendations. This is why today's public hearing and the insights that the panelists will share is so important.

- The insights from today will serve as guidepost for the recommendations that we will ultimately share with the Director. Our intention to hear from each panelists, and not to share our viewpoints or thoughts on these topics.

- On that note, we are excited by the diversity of viewpoints gathered together. We are eager to discuss opportunities that will strengthen our Nation's marketplaces and improve the protection of her consumers. So, again, thank you for coming.

- With no further ado, let's get started. For those following along at home, please remember there is a discussion the Bureau's event website should you want to see some of the questions we'll be asking our panelists.

- Tom, would you like to get us started?

TASKFORCE MEMBER, TOM DURKIN (2 minutes)

- Thank you, Todd.

- We will have approximately 12 minutes per topic, so we will open by directing questions to panelists and then allow others to join in the conversation. The members of the Taskforce will chime in to request clarifying statements or to transition us to the next topic.

- The first topic is on the 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.

- Dr. Smith, are there areas in which existing consumer protection laws are inadequate or need to be strengthened to ensure consumers are adequately protected? Likewise, how can the Bureau use its regulatory tools of rulemaking, enforcement, supervision, and education effectively to maximize consumer welfare?

DISCUSSION UNTIL 3:42PM

TASKFORCE MEMBER, HOWARD BEALES

- It is time we continue the conversation to discuss consumer information and education. Financial mobility and empowerment are enhanced by increases in formal education, financial education, and consumer choice. This is particularly true with vulnerable and protected populations.

- Professor Baradaran, 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?

DISCUSSION UNTIL 3:54PM

TASKFORCE CHAIR, TODD ZYWICKI

- Let's move on to discuss inclusion and access. Access to credit is a driver for wealth creation, so it is important that all consumers have access to financial products and services.

- Professor Bogan, 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? And how do potential new entrances (e.g. Fintechs or traditionally non-financial companies) play a role to increase inclusion?

DISCUSSION UNTIL 4:06PM

TASKFORCE MEMBER, BILL MACLEOD

- Thank you all for those insights. We want to turn the discussion to 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.

- Professor _____, 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? And finally, 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?

DISCUSSION UNTIL 4:18PM

TASKFORCE MEMBER, JEAN NOONAN

- It looks like they saved the best for last. Our last topic is on regulatory modernization and flexibility. The development of the national economy of consumer finance led to the growth of consumer protections in the 1960s-70s. This was the impetus for the National Commission on Consumer Finance that the Director mentioned earlier. Today consumers shop for and use financial products differently than at that time.

- **Professor ____, h**ow do we protect consumers from new threats while enabling providers to develop new and better ways to serve their needs? Also, 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?

DISCUSSION UNTIL 4:30 PM

TASKFORCE CHAIR, TODD ZYWICKI

- Thank you all for the comments and lively discussion. I'd like to give each panelist the opportunity to provide 5 minutes of closing remarks. Dr. Smith, we'll start with you.

CLOSING COMMENTS UNTIL 4:55 PM

TASKFORCE CHAIR, TODD ZYWICKI

- Thank you (LAST PROFESSOR'S NAME), and thank you to all of our panelists for your participation today. Today's discussion has already made me anxious to get back to work and incorporate many of the great ideas we've discussed today.

- I'd also like to thank everyone who joined us online or by phone. Please be on the lookout for our next public engagement, which will be in the fall. Good night and good luck.