Consumer Financial Protection Bureau

Taskforce on Federal Consumer Financial Law Listening Session

September 15, 2020
2:30pm to 4:30pm Eastern

Organization: CFPB Advisory Committee (CAB, CBAC, CUAC)

Participants: Taskforce members and CAB/CBAC/CUAC Members

Purpose: On Tuesday September 15, 2020, the five Taskforce members met with the members of the CAB, CBAC, CUAC in a public meeting to discuss the Taskforce work and ideas that might help improve the overall consumer financial protection system. The discussion centered around ways to improve, strengthen, and modernize consumer financial protection laws.

Discussion:

1) Introductions and Opening

Opening remarks included comments by numerous individuals including the Director and Taskforce Chair Todd Zywicki.

The Chair noted the Taskforce's five overall areas of interest:
Legal framework of consumer protection
Consumer information and education
Competition and innovation
Inclusion and access
Regulatory modernization and flexibility

2) Legal Framework of Consumer Protection

Taskforce member Tom Durkin introduced this topic and presented the questions:

Are there areas in which existing consumer protection laws are inadequate or need to be strengthened to ensure consumers are adequately protected?

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Pre-decisional

How can the Bureau use its regulatory tools of rulemaking, enforcement, supervision, and education effectively to maximize consumer welfare?

How are consumer protection laws inadequate?

Due to phone problems Taskforce moves on to next question topic.

3) Consumer Information and education

Taskforce member Howard Beales introduced the topic and asked:

Do you think that providing information for consumers in disclosures are adequate for protecting consumers? How should disclosures be updated for the electronic age?

What actions can the Federal government take to enhance financial mobility?

We are interested in your comments or thoughts?

Taskforce member Bill MacLeod noted, "We are interested in where disclosures might assist consumers or where disclosures are getting in the way of useful information for consumers."

-------Comment made here by Advisory Board person from Milken Institute

Taskforce member Jean Noonan asks, "What disclosures are not meeting their purpose and if you can send some specific disclosures that are not meeting their purpose?"

Taskforce member Howard Beales asks, "How would you tailor a disclosure?"

-------Comment made by CAB Chair
-------Comment made by Sophie Rosen

Taskforce member Howard Beales asks, "What is important about machine readability?"

Taskforce member Jean Noonan asks, "Is machine reading a substitute for traditional disclosures?"

-------Sophie Rosen finishes her interaction
-------Comment made by CAB Tim Welsh

Taskforce Chair Todd Zywicki notes, "We are interested in what works and doesn't in consumer financial education."

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-------CAB Tim Welsh finishes his comments

4) On Competition and innovation

Taskforce member Bill MacLeod introduced the topic and asked:

Is competition working well?

Where can competition work better?

What innovation can promote competition?

Is competition the answer for all consumer protection issues?

-------Comment made by Patrick Urban
-------Comment made by Rick Smith

Taskforce member Howard Beales asked, "What alternatives are there to use FICO (credit scores) in nontraditional underwriting?"

-------Rick Smith finishes his interaction

5) Inclusion and Access

Taskforce Chair Todd Zywicki introduces the next topic and asked:

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 traditionally 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. FinTech's or traditionally non-financial companies) play a role to increase inclusion?

-------Comment made by Eric Kaplan
-------Comment made by Sophie Rosman

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6) Regulatory modernization and flexibility

Taskforce member Jean Noonan introduced the next topic and asked:

How do we protect consumers from new threats while enabling providers to develop new and better ways to serve their needs?

As the internet and smart phones make the world an ever smaller place connecting the consumer to financial service providers directly and in an instant, what is the impact on consumer financial protection and how does the current dual system of state and federal jurisdiction deal with this new environment?

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?

-------Comments made by Advisory Committee people

Taskforce member Howard Beales in response to mention of commercial tradeline sales asked for clarification of what goes on in this type of sale.

7) Close Out

Close out Comments by Taskforce Chair, Director, and others.

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