



May 29, 2018

Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Via <https://www.regulations.gov/comment?D=CFPB-2018-0005-0001>

RE: Request for Information, CFPB External Engagement/Docket No. CFPB-2018-0005

Comments to the Consumer Financial Protection Bureau's (CFPB) Request for Information: Bureau External Engagements

The National Association of Consumer Advocates (NACA), a nonprofit organization actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means, respectfully submits these comments responding to the Consumer Financial Protection Bureau's (CFPB or bureau) Request for Information on its External Engagements (RFI). Overall, NACA is concerned that the CFPB has issued this and other public Requests for Information as an opening to revamp its internal processes and functions in a way that would hinder CFPB activities meant to protect consumers and the financial markets.

The Dodd-Frank Wall Street Reform and Consumer Protection Act – the law passed to remedy flaws in the U.S. economic system that led to the Great Recession in 2008 and the loss of homes, jobs, businesses and economic security for millions of Americans – created the CFPB to specifically protect the interests of financial consumers. Since opening its doors, the CFPB has utilized its powers and authority to bring about fairness in a marketplace that almost was toppled during the financial crisis.

The bureau must reject dangerous proposals in this RFI process, regarding External Engagements and other key agency functions such as Investigations, Enforcement, Rulemaking and Complaint Response, that would sabotage its work and mission to ensure consumers are treated fairly by powerful financial institutions. The bureau must continue its record of seeking public input and taking action to hold bad actors accountable for wrongdoing and harm they cause.

External Engagement, Generally

From its inception through November 2017, the bureau’s external engagements (organized events with the public and various stakeholders) have been central to its functions, with 47 meetings of its advisory boards, 33 field hearings, and 15 town halls in more than 40 cities, among other efforts. There have been significantly fewer public engagements so far in 2018.

It is vital for the agency to sustain and extend the external engagement that has been a hallmark of its first six years. Robust external engagement ensures that the CFPB can exchange information with its stakeholders, including millions of consumers, as well as industry participants and entities interested in and affected by the CFPB’s actions. Moreover, external engagement ensures that the CFPB’s policymakers, consumer educators, attorneys, examiners, and others have the information they need to understand and appropriately address consumers’ needs and experiences.

Currently, it appears that the bureau is prioritizing the concerns of regulated industry entities. All of its released RFIs appear to be drafted from the perspective and interests of financial institutions. For example, the current RFI states that the “[b]ureau expects that entities that have engaged with [it] are likely to have useful information and perspectives about Bureau engagements.” There is little mention of engagement with consumers. The bureau’s work and mission have a broad impact on a variety of stakeholders, and particularly diverse groups of consumers, such as the elderly, minority communities, students, low-income consumers, and military members. The CFPB must provide a forum on a regular basis, through various public events and meetings, to hear concerns from its diverse array of stakeholders, particularly those – examples mentioned above – who lack comparable political power and influence over decision makers as financial industry players.

Advisory Groups

The CFPB’s four advisory groups, the Consumer Advisory Board, the Community Bank Advisory Council, the Credit Union Advisory Council, and the Academic Research Council, have been and should be the core of external engagements. Section 1014 of the Dodd-Frank Act required the CFPB director to establish the Consumer Advisory Board (CAB) “to advise and consult with the bureau in its functions, and to provide information on emerging practices in the consumer financial products or services industry, including regional trends, concerns, and other relevant information.”¹

The statute is also clear on the qualities and expertise of the CAB membership. It specifies stakeholders for membership whose voices traditionally would be heard far less than industry players, if at all: “experts in consumer protection, financial services, community development, fair lending and civil rights, and consumer financial products or services and

¹ 12 U.S. Code § 5494 - Consumer Advisory Board.

representatives of depository institutions that *primarily serve underserved communities, and representatives of communities that have been significantly impacted by higher-priced mortgage loans.*"²

As a body charged with advising the CFPB on its consumer protection functions, the CAB should be led by and consist of representatives for these communities and whose work is focused on consumer protection. It is important to obtain views and hear voices of smaller organizations and individuals in the marketplace that have important information to share about consumers' experiences with financial products and services. Therefore, we recommend that a majority of the CAB be composed of individual consumers, consumer advocates, scholars, or others whose work focuses on protecting consumers.

Further, it is important to note that the CFPB has held no public events since late 2017, and has cancelled advisory board meetings. We recommend that the CFPB increase the frequency of advisory group meetings, and convene meetings for each advisory group at least three times per year to ensure that conversations and dialogue can address the most current and pressing issues. The CAB must continue its previously established work to provide venues to hear and consider on a regular basis diverse voices in vulnerable, underserved, and less politically-influential communities.

Transparency with External Engagement

Given the impact of its role and mission on the lives of everyday consumers, the bureau has a responsibility to be open and transparent in its engagement with the public.

First, advisory group meetings and activities should continue to be advertised and summarized publicly, and broadcast in full whenever possible. Additionally, we recommend that at least one of these meetings for each of its advisory groups take place outside of Washington.

Second, the CFPB leadership must be transparent with their engagement with external groups and individuals. The bureau calendar for leadership, beginning with the bureau director, including the current "acting" director," must provide public and updated information of meetings with all external stakeholders. Based on recent information derived from the CFPB website, the CFPB's leadership calendar appears to be outdated and incomplete.

Third, we strongly support the CFPB's direct engagement with consumers through its complaint tool and other mechanisms. Public access to the consumer complaint database is a key way that the CFPB engages with consumers. The complaint database should not be restricted or curbed in any way.

² 12 U.S. Code § 5494 (b).

Since its inception, the CFPB has collected more than one million consumer complaints. Those complaints allow consumers to obtain tailored help. They also provide important information to the CFPB and to the public, as the CFPB publishes complaint data that can help other consumers learn about consumer financial products and potential risks. Equally important are the CFPB's other day-to-day engagement mechanisms. The CFPB website also allows consumers to tell "their stories," another valuable resource.

Additional Mechanisms

We urge the CFPB to explore additional mechanisms, such as "listening sessions," which would allow consumers to engage in open ended discussions about financial services concerns with senior CFPB staff. The CFPB has some experience with events like these in the industry context. Through "Project Catalyst," the CFPB has held four or five "office hours" annually in San Francisco, New York, and Austin, Texas to connect with financial technology practitioners. Similar opportunities for consumers could yield valuable insight and help consumers better understand how the CFPB works for them.

Finally, the CFPB must nurture a culture that promotes public engagement with consumers. The CFPB must work diligently to hear from those without generous sponsorship from industry. It is essential that the CFPB take public engagement seriously. It must maintain a policy and procedure for external engagements, such as a minimum number of roundtables, advisory board meetings, and/or teleconferences. It is imperative that the bureau regularly seeks input from a diverse array of stakeholders, particularly those who lack the power and influence of regulated industry entities. Congress created this agency to protect consumers, and this consumer protection mandate requires a proactive posture of public engagement.

Sincerely,

Christine Hines
Legislative Director