



Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

September 10, 2014

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552
Docket No.: CFPB-2014-0012

Dear Ms. Jackson:

Americans for Financial Reform (AFR) appreciates the opportunity to comment in response to the Consumer Financial Protection Bureau's (CFPB) request for information on mobile financial services. AFR is a coalition of over 200 national, state, and local groups who have come together to advocate for reform of the financial industry. Members of AFR include consumer, civil rights, investor, retiree, community, labor, faith based, and business groups.

Mobile phones have become a fundamental part of life for many consumers. And as the CFPB's request for input states, mobile technology can "enhance access to safer, more affordable products and services in ways that can improve [consumers'] economic lives." Yet they can also, as Director Cordray has said, pose risks to consumers and to their privacy.¹ This is a critical opportunity for the CFPB to make sure necessary consumer safeguards are put in place, especially in regard to financial applications and privacy issues, as consumers often use their mobile devices for services ranging from shopping to banking, making payments, and submitting credit applications. New systems can open up new possibilities for consumers and provide positive benefits for them. But consumers will only benefit from this technology if systems are safe, fair, and honest. Regulators can help consumers—as well as those in industry—by establishing strong minimum standards.

Though the CFPB's Request for Input lists 35 specific questions for commenters to answer, AFR would like to use this comment to broadly outline some of the key points that we feel are important in ensuring that consumers are protected in the mobile financial marketplace.

Ensure that protections apply uniformly regardless of the form of transaction

¹ Consumer Financial Protection Bureau. *Prepared Remarks of CFPB Director Richard Cordray at the Mobile Request for Information Field Hearing*. June 11, 2014.
<http://www.consumerfinance.gov/newsroom/prepared-remarks-of-cfpb-director-richard-cordray-at-the-mobile-request-for-information-field-hearing/>

AFR believes that protections should apply without regard to the form of transactions; specific rules may need to be adjusted or added to in order for the same substantive protections to apply in different technological contexts. In particular, protections of the following types should apply across transaction media: privacy; the safety of funds and data; clear and effective procedures in case of disputes, errors, and unauthorized charges; access to funds; the prohibition of unfair fees and tricks; and the protection of children and parents. Additionally, we believe the following standards should be promoted across transaction types: consumer understanding of features, terms and costs of transactions; ample, free, and convenient access to account information and customer service; and choice and competition among products.

Ensure that services are safe

Mobile financial services providers must ensure that consumers' sensitive data is safe. Exposed personal and account information can lead to harmful outcomes for consumers ranging from identity theft to unauthorized charges. Providers must have an obligation to protect consumers' data; but currently there is very little in the way of regulations or clear industry standards to ensure that those in the mobile financial services industry do their part. We need stricter rules to prohibit the sharing or sale of sensitive consumer information, such as Social Security numbers and account numbers.

Additionally, funds must be kept safe. Funds that are held in more traditional accounts are protected by bank regulators and deposit insurance. Some mobile payment systems, however, do not receive the same regulatory oversight or deposit insurance, posing risks to consumers' funds. Industry players must be responsible for the integrity of the frameworks they develop.

Protect privacy

More comprehensive rules are needed to adapt to the potential peril of the online world. It is important that the CFPB ensures that consumer's financial privacy and data security are protected when they are online, including on the mobile platform. In many cases, consumers have no idea who is accessing their data and what data is shared. Consumers need more control over who accesses their information and what types of data can be shared. Providers should not be allowed to use the fine print of terms and conditions to obtain consumer consent to share their data. Additionally, we believe personal financial information should not be sold to anyone.

The CFPB should go further than both the Gramm Leach Bliley Act and the Fair Credit Reporting Act data sharing provisions, and adopt additional protections for consumers. Certain types of sensitive personal and financial information should not be shared at all. In addition to data that could lead to identity theft, consumers should be protected regarding the personal details of transactions, such as who a consumer pays with a mobile device and what time and where the purchase was made.

Do not abandon bank branches because mobile banking exists

Mobile devices can help bring services to underserved areas; however, their availability must not result in the removal of bank branches from those areas. Many consumers still do not have either mobile or internet access. Additionally, mobile access is not the same as full internet access.

Some consumers benefit from in-person conversations when opening new accounts, in terms of understanding account terms. The potential for one-on-one conversation and guidance can be helpful for consumers, and would be eliminated along with the loss of bank branches. This is especially important for those who are new to banking, or those with language barriers. Consumers who are not 100% fluent in English are particularly at risk of being left out if mobile services replace bank branches.

Do not create virtual segregated neighborhoods

Because they offer financial services, mobile devices also offer the opportunity for predatory lending and marketing. The CFPB should ensure that segregated “neighborhoods” do not develop in the virtual world as well as the physical.

AFR believes that in order for the CFPB to best protect consumers, particularly those in vulnerable communities, the agency should develop a comprehensive set of principles and safeguards for the digital marketplace, along with ensuring that existing consumer finance laws are applied to online financial services. Recently, a coalition of groups, convened by The Leadership Conference on Civil and Human Rights and including several additional AFR members, issued the Civil Rights Principles for the Era of Big Data, which AFR believes are appropriate guides in the mobile financial services context.² Released to the public on February 27, 2014, these principles represent the first time that national civil and human rights organizations have spoken publicly about the importance of privacy and big data for communities of color, women, and other historically disadvantaged groups. They address five key goals:

- Stop high-tech profiling through clear limitations and robust audit mechanisms to ensure that big data tools are used in a responsible and equitable way.
- Ensure fairness in automated decisions by protecting the interests of those that are disadvantaged or have historically been the subject of discrimination.
- Preserve constitutional principles by not allowing government databases to undermine core legal protections, including those of privacy and freedom of association.
- Enhance individual control of personal information by working to make sure personal information is not used against vulnerable populations; individuals should have meaningful and flexible control over how a corporation gathers data from them, and how it uses and shares that data.
- Protect people from inaccurate data by allowing everyone to appropriately ensure the accuracy of personal information that is used to make decisions about them, and by requiring disclosure of the underlying data and the right to correct it.

² Civil Rights Principles for the Era of Big Data. <http://www.civilrights.org/press/2014/civil-rights-principles-big-data.html>

Thank you for the opportunity to comment on this important Request for Input. New systems can serve to greatly benefit consumers, but regulation is necessary to both protect consumers and help them navigate the complex world of mobile financial services. Should you have any questions, please contact Rebecca Thiess, AFR's Policy Analyst, at 202-973-8005.

Sincerely,

Americans for Financial Reform

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defender's League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club

- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Partners

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC

- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- New Economy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending

- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- UNET

