

September 2014

# Consumer Advisory Board

September 10-11, 2014

## Meeting of the Consumer Advisory Board

The Consumer Advisory Board (CAB) of the Consumer Financial Protection Bureau (CFPB) met in person at 9:30 a.m. on September 10, 2014. The CAB met at the CFPB Headquarters located at 1275 First Street, NE, Washington, D.C.

### **Board members present**

Bill Bynum, Chair

Maeve Elise Brown, Vice Chair

Gary Acosta

Ann Baddour

JoAnn Barefoot

Don Baylor

Steve Carlson

Laura Castro de Cortes

Betsy Costle

Prentiss Cox

Patricia Garcia Duarte

Steve Carlson

Julie Gugin

Patty Hasson

Adan Levitin

Brian Longe

### **CFPB staff present**

CFPB Director, Richard Cordray

Abigail Bigham

Daniel Dodd- Ramirez

Crystal Dully

Ren Essene

Mary Griffin

Delicia Hand

Joan Kayagil

Jesse Leary

Dan Munz

Zixta Martinez

Patrick Orr

Dan Quan

Gary Stein

Zach Teutsch

Tracey Wilkerson

WORKING DRAFT—FOR INTERNAL REVIEW

Jim McCarthy

Jen Mishory

Joann Needleman

Bill Nelson

Patrick O'Shaughnessy

Jose Quiñonez

Dory Rand

The Honorable Annette Rizzo

Ellen Seidman

Robert Stoll

Donna Tanoue

Jane Thompson

Jim Van Dyke

Jonathon Zinman

September 10, 2014

Welcome

**Richard Cordray, CFPB director**

**Delicia Hand, staff director, Advisory Board and Councils Office**

**Bill Bynum, CAB chair**

Chair Bill Bynum called the meeting of the Consumer Advisory Board (CAB) to order on September 10, 2014 at 9:30am, welcomed CAB members and CFPB staff to the meeting, and went over the agenda for the day.

Director Cordray also welcomed CAB members to the meeting. He provided an overview of the CFPB's work. He highlighted the Bureau's supervisory role with banks and non-bank financial institutions, the Bureau's enforcement activities, the rulemaking agenda, the Home Mortgage Disclosure Act (HMDA), and debt collection. He also mentioned the maturation of the Bureau's consumer response function, which allowed for an increased intake of consumer complaints. Lastly, the Director provided an overview of offices within the Consumer Engagement and Education Division and their accomplishments to date.

Staff director Delicia Hand expressed appreciation for the various ways in which CAB members have helped advance the Bureau's mission and for participating in discussions.

## Mortgages Committee

Gary Acosta, CAB Mortgages Chair

Gary Acosta, CAB Mortgages Committee chair, summarized the committee's recent work, which included observations of what people are seeing in the post QM mortgage marketplace. In its discussions, the committee focused attention on the QM rule, the Home Mortgage Disclosure Act (HMDA) rules, and servicing rules. The committee chair suggested that there was general sentiment that the rules would have a disproportionate burden on smaller to mid-sized lenders; however, committee members also thought that the rules created a more level playing field and fostered growth for some companies. The committee also noted that servicing of distressed loans is a large issue. The committee recommended that staff be cognizant of the use of marketing services agreements (MSAs). Several members shared feedback from housing counselors and, specifically highlighted the transferring of loans from one servicer to another

while consumers attempt to submit loan modification packages. Members noted that those in the mortgage industry are better off because of the rules and the role that CFPB is playing in the mortgage markets. Members noted that the CFPB will continue to be a very important player in terms of consumer protection as well as credit availability.

## **Mortgages Committee – Home Mortgage Disclosure Act (HMDA)**

**Mike Byrne, Technology and Innovation, technical ops lead, HMDA**

**Ren Essene, Mortgages Markets, program manager, Mortgage Data Assets**

**Joan Kayagil, Regulations, senior counsel**

CFPB staff provided an update on the Home Mortgage Disclosure Act (HMDA) rulemaking and HMDA data submission and processing. In March 2014, the CFPB held an outreach meeting with a small business review panel where small lenders, trade associations, and vendors provided feedback on the impact on small businesses that proposals under consideration at that time could have. On July 24, 2014, the Bureau issued a proposed rule to amend Regulation C, which implements HMDA. The Bureau's proposals would, among other things, implement amendments to HMDA made by the Dodd-Frank Act, such as adding new reporting requirements. The proposed amendments would also clarify existing requirements and modify institutional and transactional coverage.

HMDA provides important information to the public and public officials that helps determine whether financial institutions are serving the housing needs of their communities, helps policymakers make informed decisions about public investments, and aids in identifying possible discriminatory lending patterns. Various CAB members had clarifying questions about the Bureau's collection and use of HMDA data. Other members also shared how their entities use HMDA data and reiterated the importance of collecting this data.

## **Working Lunch: Card, Payment, & Deposit Markets Committee**

**Dory Rand, CAB Card, Payment, & Deposit Markets Committee chair**

Dory Rand, CAB Card, Payment, & Deposit Markets Committee chair, provided an overview of the committee's discussions, which included guiding principles for regulations and recommendations. Committee members shared that consumers deserve clear information about financial products and costs in a manner that facilitates comparison-shopping and avoids debt traps. Additionally, if consumers face harm due to financial products or practices, they need

multiple options and clear information about how to obtain effective redress. The committee agreed that consumers need guidance on the risks, opportunities, and changes that are driven by technologies continuously evolving in the financial services sector. In terms of principles for regulation, the committee agreed that the CFPB should continue to conduct research, collect complaints, and use them to inform the public in its evidence-based rulemaking, supervision, and enforcement. The committee then discussed data breaches and agreed that consumers need transparency about what their remedy options are when they occur. The committee also discussed changes in card technologies. Various committee members suggested that the Bureau continue investigating consumer issues related to mobile banking.

## **Cards and Payments Committee – Overdraft Report**

**Gary Stein, Research, Markets, and Regulations, program manager, Deposits Markets**

**Jesse Leary, Office of Research, section chief**

CFPB staff provided an update on the Bureau's overdraft work. In February 2012, the Bureau began its overdraft inquiry and sent out the public Request for Information (RFI) that garnered approximately 1,100 responses from consumers, consumer advocates, industry advocates, and consultant organizations about overdraft programs. The Bureau also collected information from a group of institutions about the design of their overdraft programs and how these programs impact account holders. Using this information, the Bureau published a white paper on overdraft. Following this white paper, the Bureau released a data point in July 2014; it is the first publication that relies on the account level data received through the supervisory process from a number of large banks. CFPB staff reviewed the information contained in the white paper and welcomed additional insight and information on overdraft. Various members asked questions about the Bureau's findings on the data. A few members highlighted similarities and disparities between the Bureau's findings and similar research.

## **Cards and Payments Committee – Technology and Access to Financial Services: Catalyst Update**

**Daniel Dodd-Ramirez, Financial Empowerment, assistant director**

**Mary Griffin, Financial Empowerment, senior advisor**

**Dan Quan, Director's Office, senior advisor**

CFPB staff updated members on the projects the Office of Financial Empowerment, an Office within Consumer Education and Engagement (CEE), has been working on. Staff then led a discussion on mobile financial services and made note of research related to mobile banking, mobile payments, and personal finance applications. The Bureau is interested in cash users' access to ecommerce, special needs populations' access to mobile finance, as well as the potential impact on the economically vulnerable. Additionally, staff identified the cost of implementing technology, the cost of mobile devices and plans, and the need to develop partnerships with community groups to better understand how mobile financial services can assist low-income and economically vulnerable segments of the population achieve their financial goals. Staff also highlighted the risks associated with mobile financial services like data segmentation, single point of failure at an individual's phone, and general security and privacy concerns. Staff then provided an overview of Project Catalyst, the Bureau's initiative to support innovators create customer friendly financial products and services. More information about Project Catalyst can be found at <http://www.consumerfinance.gov/projectcatalyst>. Members brought up the issue of access to smart phones as a factor preventing greater access of banking services to underbanked populations. A few members had clarifying questions about findings in research conducted on mobile payments.

## Consumer Lending Committee

**Prentiss Cox, CAB Consumer Lending Committee chair**

**Chris Hicks, Debt-Free Future campaign organizer, Jobs with Justice**

**Joseph Mays, senior policy analyst and director, the Institute for College Access and Success (TICAS)**

Prentiss Cox, CAB Consumer Lending Committee chair, introduced the committee's guest speakers, Joseph Mays, from the Institute for College Access and Success (TICAS) and Chris Hicks, from Jobs with Justice. Mr. Mays discussed student loan servicing standards and issues with debt management. Servicing for students can affect the total cost of their repayment, can lead to credit issues, and hinder their ability to manage debt. The speaker referred to the Bureau's efforts in this area as positive for student borrowers. He explained that private student loans are risky because of lack of information in the student space—especially the current refinancing standards. Mr. Hicks explained that the cost of education affects different populations in different ways. Mr. Hicks also spoke about the benefits of public student loans and commented on oversight issues with servicing and payment collection. Members discussed

issues with students graduating with significant amounts of debt and issues with payment collection with the elderly population.

## First day adjournment

Staff director Delicia Hand and CAB Chair Bill Bynum adjourned the Consumer Advisory Board closed session meeting on September 10, 2014 at 5:37pm.

## September 11, 2014

### CFPB Consumer Advisory Board Public Meeting

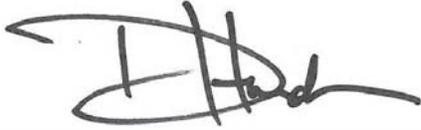
Zixta Martinez, associate director of External Affairs, welcomed audience members to the CAB public meeting and introduced CAB members and CFPB staff. Director Cordray also welcomed the CAB, panelists, and members of the public. The Director provided remarks about the CFPB's role in a world where many Americans rely on technological devices, which has implications for the consumer financial marketplace. Following Director Cordray's remarks, outgoing CAB chair, Jose Quiñonez, expressed his gratitude for having the opportunity to serve as chair. The incoming chair, Bill Bynum, and vice chair, Maeve Brown, provided remarks. During the Trends and Themes discussion, CAB members Jennifer Mishory and Jose Quiñonez gave presentations about the student loan market and access to capital, respectively. Daniel Dodd-Ramirez, assistant director of the Office of Financial Empowerment, and Mary Griffin, senior advisor in the Office of Financial Empowerment, discussed increasing access to financial services through technology, particularly through mobile banking. Dan Munz and Lisa LaRoche discussed the Bureau's work in technology and consumer engagement. The video of the public session is available on [consumerfinance.gov](http://consumerfinance.gov).

### Adjournment

Chair Bynum adjourned the seventh meeting of the CFPB Consumer Advisory Board on September 11, 2014 at 4:45pm.

WORKING DRAFT—FOR INTERNAL REVIEW

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

A handwritten signature in black ink, appearing to read "D. Hand", written over a horizontal line.

Delicia Reynolds Hand  
Staff Director, Advisory Board and Councils Office  
Consumer Financial Protection Bureau