

**ASSET BUILDING
POLICY NETWORK**

*Center for American
Progress*

CFED

*Citi Community
Development*

*The Leadership Conference
on Civil and Human
Rights*

*National Association for
Latino Community Asset
Builders*

*National Coalition for
Asian Pacific American
Community Development*

*National Council of
La Raza*

National Urban League

PolicyLink

October 25, 2012

Director Richard Cordray
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, DC 20552

Re: Public Comments on Strategic Plan 2013-2018

Dear Director Cordray:

The Asset Building Policy Network (ABPN) commends the Consumer Financial Protection Bureau (CFPB) for its commitment to improving the ability of American consumers to make better financial decisions for themselves and their families. We are grateful for this opportunity to comment on the Bureau's strategic plan and look forward to being a resource as the Bureau looks to implementation. We encourage the Bureau to develop and implement guiding principles that will be inclusive of all American consumers, including low-income families, communities of color, and immigrant populations.

Background

ABPN is a public-private coalition committed to improving the opportunity for economic progress for low-income individuals, families, and communities of color. As a group of national civil rights, financial services, community and economic development, and consumer advocacy organizations we are committed to:

- Advancing national savings and asset building policy and advocacy;
- Developing a shared communications agenda and strategy; and
- Building the capacity of Network members and their affiliates.

Our recommendations in this letter focus on expressing a commitment to equity and economic inclusion. Our comments are reflective of the ABPN as a body and not necessarily the position of each individual member.

Recommendations:

Goal 1: Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them

The APBN appreciates that this goal logically aligns with what the Bureau was designed to accomplish and goes further by encouraging innovation for the benefit of consumers. As we have seen in the asset-building field, changing economic outcomes for low-income communities requires defensive strategies against predatory practices, but also the availability and access to financial products and services that work for the consumer.

Outcome 1.1 of this goal underscores the need to develop regulations that consumers understand. Achieving this outcome will require engaging consumers and industry stakeholders and their networks, as the strategies outline, but also will require that these parties inform the development of those regulations.

Goal 2: Empower Consumers to Live Better Financial Lives

As Outcome 2.1 acknowledges, giving consumers an outlet for their complaints is a valuable tool which should be leveraged by the CFPB to affect change. However, it is important to encourage consumers to provide both positive and negative feedback on their experiences. Oftentimes, there is as much to be learned by what products and services work well for consumers as there is in what works less well. The CFPB should use its complaints mechanism for best practices sharing.

Outcome 2.2 expresses a commitment to underserved, low-income, and vulnerable individuals and populations. This commitment is encouraging to the ABPN as the CFPB will have a significant and powerful impact on financial inclusion and access for these vulnerable populations. We encourage the Bureau to think about collaboration with more than just traditional social service agencies, but also primary and secondary education institutions, community and economic development agencies, civic institutions and the private sector, including financial institutions. Additionally, the CFPB should emphasize the importance of accessibility of information and services through culturally- and linguistically-appropriate venues and materials and through community-based organizations.

In addition to the three performance measurements, the ABPN recommends that progress be assessed by the extent to which the decision making process for developing regulations includes voices representing the targeted populations (for example, students, older Americans, service members, and the economically vulnerable and underserved).

Goal 3: Inform The Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior

We agree that the CFPB needs a clear and comprehensive understanding of the markets it regulates, but we also recommend having a clear understanding of the markets that aren't regulated in order to better strategize about next steps for the Bureau in addressing challenges facing vulnerable and under-banked populations and their consumer behavior patterns.

The CFPB should leverage its ability to collect and analyze data from consumers, financial institutions and practitioners to develop practicable white papers and rulemakings to assist those in the industry and the field in developing tailored products and services to meet the needs of consumers, particularly those who are vulnerable, and un- or under-banked. At the

same time, the CFPB needs to be careful not to over-regulate to the point of inadvertently thwarting innovation. We would propose that the CFPB build into its supervision and enforcement authority a “safe harbor” on specific sanctioned pilot projects for financial institutions that leverage innovation in an effort to meet specific customer needs for targeted populations. This will give financial institutions the ability to develop and tweak programs, with guidance from the CFPB, without fear of inadvertently running afoul of regulations which may be based on outdated business models.

This goal does not mention dissemination of data explicitly, but we recommend making the data collected readily available and accessible to the extent possible while still protecting consumer privacy and proprietary data from the private sector.

Further, we believe that CFPB could play an important role in aggregating data from across federal programs that integrate financial education and other asset building practices to provide an overall assessment of the impact of federal resources on increasing consumer financial capability.

Goal 4: Advance the CFPB's Performance By Maximizing Resource Productivity & Enhancing Impact

Outcome 4.2 – Ensure that the use of technology to develop online products and enable data sharing reaches low-income individuals and families, communities of color, and organizations serving these populations. While technology, specifically the internet, can be a tremendous asset in reaching large and diverse audiences, this must be paired with deploying technologies and strategies that target the broadest range of internet users and leverage multiple distribution channels including mobile access via smartphones and smart devices. Over a three year period from 2009 to 2012 there has been a 24 percent increase in mobile internet use on smartphones across all demographics and a greater percentage of people of color access the internet on their phone than their white counterparts¹. Multiple distribution channels and technologies should be used to ensure the broadest impact.

Additional recommendations

The ABPN also recommends that the Bureau develop a strategic communications plan to accompany this plan. Every day, billboards, television and radio advertisements, e-mails, and social media promoting predatory practices and services barrage consumers. This communications plan should outline how the CFPB will reach mainstream markets and specifically vulnerable populations and the organizations serving them both through mass media, ethnic and non-English language media, and grassroots engagement. The U.S. Department of Housing and Urban Development National Fair Housing Media Campaign program provides one example of how a federal agency is active in this manner².

The ABPN recommends that the CFPB take a comprehensive look at protected classes including an explicit focus on race and ethnicity. This information can help address challenges specific to

¹Pew Research Center’s Internet & American Life Project, March 15-April 3, 2012 Tracking survey.

² http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2012/HUDNo.12-035

vulnerable populations. For example, the U.S. Department of Health and Human Services (HHS) discovered the need through the AIDS epidemic to collect more information related to demographics and race and ethnicity to better understand the needs of the populations being affected. This led to improved efforts across the agency to reduce racial and ethnic health disparities.

Additionally, it is important that the CFPB monitor the outcomes, both positive and negative, of its rulemakings over time in order to ensure that they don't result in negative unintended consequences to consumers, especially underserved populations. The proposed changes to the Ability to Pay provision in the CARD Act is a great example the CFPB looking at a rulemaking and making proactive changes to correct unanticipated negative impacts to stay at home spouses and others. Other rulemakings, such as the remittance rule, could also benefit from such analysis.

Conclusion

The Asset Building Policy Network is encouraged by the initial direction of the Consumer Financial Protection Bureau. We urge that, where possible, the work of the Bureau is considerate of the impacts of regulations and rulemaking on low-income communities and communities of color and is inclusive of those communities within decision making. The ABPN will commit to sharing promising practices, communications strategies, and data and analysis that reflect our affiliates' collective experiences. As a network of affiliates and constituents concerned with vulnerable and underserved communities, we look forward to supporting the Bureau in making its work equitable and inclusive.

Sincerely,

Asset Building Policy Network