

Volume 1: Detailed Outline

I. Introduction (Tom)

- a. History of Consumer Financial Protection Reform Efforts
 - i. Early History: The Russell-Sage Foundation
 - ii. The National Commission on Consumer Finance
- b. The scope of the Taskforce report
- c. Summary of the Taskforce Findings and Recommendation
- d. Appendix: Recommendations of the NCCF in 1972

Status: First draft completed by TAD, Reviewed by TZ and returned for somewhat minor edits. This chapter will be a work in progress as the Report develops.

II. Extent and Growth of Consumer Credit (Tom)

- a. Development of consumer credit economy
- b. Consumer Credit Growth
- c. Consumer Credit Growth and Means of Repayment
- d. Distribution of Consumer Credit Within the Population
- e. Measurements of Consumer Credit

Status: First draft completed by TAD, Reviewed by TZ and returned for minor edits.

III. Demand for Consumer Credit (Tom, Todd)

- a. Neoclassical Economic Theory of Consumer Credit Demand
 - i. Life-cycle model
 - ii. Time-shifting of consumption model
 - iii. Evidence
- b. Behavioral Economics Theory of Consumer Credit Usage

Status: First draft completed by TAD, Reviewed by TZ and returned for major edits

IV. Supply of Consumer Credit (Greg & Tom)

- a. Intermediation
- b. Costs of lending
- c. Revenues
- d. Breakeven APRs
- e. Price & competition

Status: First Draft completed by TD and to be sent to TZ soon

V. Small Dollar (Greg, Tom, Todd, & Howard)

- a. There is no solution
- b. Juster and Shay: Credit rationing
- c. Lifecycle model
- d. Cycle of “Debt”/ “Debt Trap”
- e. History: Competition & Regulatory Segmentation

Status: First draft completed and TD making final edits before sending to TZ

- VI. Information and Disclosure (**Howard**)
 - a. Costs of Information and imperfect information
 - b. Markets for information
 - i. Consumer Credit Cards (e.g., creditcards.com)
 - c. Information asymmetry
 - d. Transaction costs
 - e. TILA
 - i. Reduced costs of shopping

Status: First draft complete and sent to TZ for edits, this will eventually be renumbered as Chapter 7

- VII. Consumer Credit Regulator Principles (**Todd**)
 - a. History of consumer financial protection
 - i. State regulation: Substantive regulation
 - ii. Federal regulation: Disclosure regulation
 - iii. Dodd-Frank
 - b. Three-legged stool (competition, common law, regulation)
 - c. Rise of Federal Presence
 - d. Sources of market failure
 - i. Information asymmetry
 - ii. Market power/markets where consumers don't choose
 - 1. Debt Collection
 - 2. Credit Reporting Agencies
 - 3. Mortgage Servicers
 - iii. Externalities
 - e. Evaluating Regulation
 - f. Measuring regulation

Status: First draft in progress and to be completed by end of month

- VIII. Competition (**Bill**)
 - a. Competition value
 - b. Regulatory segmentation
 - c. Dodd-Frank (adverse impact → promoting consolidation)
 - i. Competition promoted product improvement and innovation
 - d. FinTech / New competitive landscape
 - e. Competition/innovation
 - i. Walmart

Status: First draft in progress and goal of completion by end of month

IX. Innovation (**Bill**)

- a. FinTech: Potential & Risk
- b. Open banking
- c. Regulatory Framework
 - i. Flexible regulatory framework for innovation
- d. Principled v. Prescriptive
 - i. Cooperative Regulator
 - 1. Potential for partnering between regulatory and trade for market improvements
 - 2. Tech sprints
 - ii. Regulatory sandbox
- e. Regulatory modernization
- f. Alternative data

Status: First draft in progress

X. Financial Inclusion (**Todd**)

- a. Importance and why it matters
- b. Market incentives to expand access
 - i. Credit scoring
 - ii. Competition
- c. Regulations Expand Access: Equal Credit Opportunity Act
- d. Regulations that block access

Status: Draft to start once chapter 7 is complete

XI. Privacy and Data Security (**Howard**)

- a. Use of data
 - i. Costs and benefits
- b. Price discrimination (virtues and concerns)
- c. Data breaches
- d. Payment security
- e. Fortress mentality/Big Data
- f. General Data Protection Regulation (GDPR)
- g. Alternative data: Secondary uses of data
- h. Credit Reporting

Status: Preliminary research and preparing memo for distribution in advance of meeting with Director Kraninger

XII. Financial Literacy and Education (**Greg and Todd**)

- a. What consumers should know
- b. Heuristics
- c. Savings
- d. Effectiveness

Status: Draft to start once chapter 4 is complete

XIII. Regulatory Modernization Framework (**All, to be fleshed out more**)

- a. Interagency
 - i. Current state: Considerations of overlaps & gaps, overlap, gaps
- b. Federalism
- c. Competitive mandate
- d. Regulations as code/Tech Sprint/Sandboxes
- e. Assessment

Status: Outlining and information gathering continues