

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

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- 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

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- 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

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- IV. Supply of Consumer Credit **(Greg & Tom)**
 - a. Intermediation
 - b. Costs of lending
 - c. Revenues
 - d. Breakeven APRs
 - e. Price & competition

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- 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

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VI. 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

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VII. 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
 - ii. Reduced costs of shopping

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VIII. Competition **(Bill)**

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

Status: Annotated outline peer reviewed; updates and draft in-progress

IX. Innovation (**Bill**)

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

Status: Annotated outline peer reviewed; updates and draft in-progress

X. Financial Inclusion (**Todd**)

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

Status: Detailed outline peer reviewed; updates and draft in-progress

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

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

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

- a. Financial Empowerment
- b. Wealth Mobility
- c. Student Loans and deficits of the system
- d. Behavioral Economics
- e. Effectiveness

Status: Detail outline complete; draft in-progress

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

- a. Interagency
 - xi. Current state: Considerations of overlaps & gaps, overlap, gaps – CFPB is the expert in consumer financial protection and has the overall view of consumer welfare with a broad view across markets
- b. Federalism
- c. Regulatory Modernization
- d. Regulatory Effectiveness

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