

Taskforce on Federal Consumer Financial Law

Listening Session with the National Credit Union Administration

I. Summary:

The Taskforce on Federal Consumer Financial Law (Taskforce) will examine the existing legal and regulatory environment facing consumers and financial services providers and report to Director Kraninger its recommendations for ways to improve and strengthen consumer financial laws and regulations. The Taskforce will produce new research and legal analysis of consumer financial laws in the United States, focusing specifically on harmonizing, modernizing, and updating the enumerated consumer credit laws—and their implementing regulations—and identifying gaps in knowledge that should be addressed through research, ways to improve consumer understanding of markets and products, and potential conflicts or inconsistencies in existing regulations and guidance.

During our meeting, the Taskforce Chair is interested in discussing ideas and perspectives from the National Credit Union Administration (NCUA) about recommendations the Taskforce can propose on how to improve and strengthen federal consumer financial protection considering ideas of innovation, inclusion, competition, and modernization of the regulatory framework.

II. Discussion Questions:

Below are a few questions to help facilitate the discussion but should not limit the discussion to these questions.

1. **Legal framework of consumer protection:** Consumer financial protection is promoted by a framework of laws, regulations, decisions, directives, regulatory policies, guidelines, recommendations and procedures made by numerous state and federal regulatory organizations.
 - Are there areas in which existing consumer protection laws are inadequate or need to be strengthened to ensure consumers are adequately protected?
 - Are credit unions, due to their size and limited service area, hindered by the existing consumer protection framework and what can be done to promote their focus on consumer protection at a reasonable and acceptable cost?
 - What legal or structural change recommendations can the Taskforce make to assist the NCUA Office of Consumer Protection in its work to maximize consumer welfare?
2. **Consumer information and education:** Financial mobility and empowerment is enhanced by increases in formal education, financial education, and consumer choice. This is particularly true with vulnerable and protected populations.
 - What actions can the Federal government take to enhance financial mobility?
 - Do you think that providing information for consumers in disclosures are adequate for protecting consumers? How should disclosures be updated for the electronic age?
 - Are credit unions engaging in any specialized education efforts that can be applied to the broader financial service landscape?

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- 3. Competition and innovation:** In competitive marketplaces there are typically abundant producers competing to provide consumers with the goods and services needed, and no single producer or consumer can dictate the market. Technology has led to rapid changes throughout the economy, and financial technology (or “FinTech”) has led to the development of new financial services and nontraditional financial service providers.
- Are there markets where competition is not effective as it could or should be? Are there financial markets where competition does not create beneficial outcomes for consumers?
 - What conditions are limiting competition among financial institutions responding to consumer needs? Are there restrictions, legal barriers, or any other factors that limit credit unions from providing services to consumers?
 - Are competition issues, with larger financial service providers or new specialized FinTech providers, affecting credit unions ability to maintain focus on consumer protection?
- 4. Regulatory modernization and flexibility:** The development of the national economy of consumer finance led to the growth of consumer protections in the 1960s-70s. Today consumers shop for and use financial products differently than at that time.
- How do we protect consumers from new threats while enabling providers to develop new and better ways to serve their needs?
 - What steps have been taken by the NCUA and its regulated credit unions during the Covid-19 crisis and past disasters to maintain focus on consumer protection while providing service in a compromised environment?
 - CFPB has an array of regulatory tools: research, education, supervision, enforcement, rulemaking, etc. How does NCUA determine which regulatory tool to utilize? Does the organization have guiding principles that ensures consumer protections and enhances fairness, competitiveness, and/or transparency in the financial marketplace? How do changes in the financial marketplace or economy affect tool choice?
- 5. Closing:** Our intention is to hear what recommendations you would hope to see in the Taskforce report. What haven’t we asked that you want to share?

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