

Taskforce on Federal Consumer Financial Law

Federal Housing Finance Agency

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 Federal Housing Finance Agency (FHFA) 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?
 - Is consumer protection a consideration in FHFA's work overseeing Fannie, Freddie, and the Federal Home Loan Bank system? How much does FHFA focus on consumer protection, and are there recommendations the Taskforce can make to promote FHFA consumer protection activity?
2. **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?
 - We understand that FHFA recently engaged in a rulemaking that established a process for GSE approve of credit scores other than FICO, and that FHFA included a competition analysis in the new process. Can you speak to any competition concerns that you had or have about lenders being required to use only FICO or about using other scoring models? For example, do you have concerns about the price that lenders pay for FICO scores, whether FICO has a sufficient incentive to innovate in its product offerings, or whether other scoring models may be able to better assist with risk assessment and loan pricing?

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- 3. 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 should the Federal government be taking 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?
 - Does FHFA promote financial consumer education directly or through its regulated entities? If yes, what form do these efforts take, and how does FHFA measure the effectiveness of its financial education efforts? What types of financial education and/or literacy programs have been most successful?
 - FHFA recently started a multi-language plan to increase mortgage access for non-English speakers. How does this program work, is it a direct to consumer model or do you work through the regulated entities? What other activity is FHFA engaged in to widen the availability of mortgages to assist homeownership?
- 4. 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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