

## **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

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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

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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

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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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