

# Consumer Advisory Board

March 14, 2019



## Meeting of the Consumer Advisory Board

The Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board (CAB) met in person at 9:45 a.m., Eastern on March 14, 2019. After the morning sessions, the CAB, Community Bank Advisory Council (CBAC), and Credit Union Advisory Council (CUAC) convened for a combined roundtable meeting.

CAB members present	CFPB staff present
Chair, Dr. Ronald Johnson	Director Kraninger
Liz Coyle	Deputy Director Brian Johnson
Sameh Elamawy	Matt Cameron
Manning Field	Patrick Campbell
Jason B. Gross	Thomas Devlin
Brent A. Neiser	Crystal Dully
Luz Urrutia	Andrew Duke
	Kim George
	Mechel Glass
	Wendy Kamenshine
	Gene Koo
	Manny Mañón
	Mark McArdle
	Zixta Martinez
	John McNamara
	Thomas Oscherwitz

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Janneke Ratcliffe

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James Rice

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Joel Singerman

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Gary Stein

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## Welcome

**Matt Cameron, Acting Staff Director, Office of Advisory Board and Councils**

**Dr. Ronald Johnson, Chair, Consumer Advisory Board**

Acting Staff Director Matt Cameron convened the CAB meeting and welcomed CAB members and the listening public. He provided a brief overview of the meeting's agenda and introduced the CAB Chair, Ronald Johnson. CAB Chair Johnson welcomed attendees and explained the CAB's mission, summarized recent CAB activities, and outlined the direction of future CAB efforts. Following Chair Johnson remarks, CAB members then introduced themselves.

## Information Exchange: Digital Identity

**John McNamara, Assistant Director, Consumer Lending, Reporting and Collections Markets**

**Thomas Oscherwitz, Senior Advisor and Counsel, Research, Markets and Regulations**

Staff noted that the topic of digital identity was an extension of a previous presentation with committee members on artificial intelligence (AI). As with AI, digital identity is an area where technology developments could contribute to fundamental changes in how consumers interact with their financial institutions. Staff noted that digital identity technology and processes are still maturing.

Staff noted that consumer desire for mobile access and convenience is a key driver for improving digital identity. Staff also discussed the security challenges in the space including consumer problems managing their passwords and the continuing concern about data breaches. Staff provided statistics on these points. Finally, there was discussion about current projects in the digital identity area. As one example, staff described an app that allows users to send text and voice messages, pay for groceries, book a doctor's appointment, and other tasks.

Committee members discussed the adoption of digital identity in the consumer financial marketplace. Members also discussed various attributes that might be used to authenticate an identity. Some members shared appreciation that multi-factor authentication is often required

even though consumers often prefer convenience. Members discussed commercial and non-commercial solutions for digital identities. Some members stated that there should be a standard applicable for institutions of all sizes. There was also a discussion on regulation, with some noting that regulation would be difficult in this area because the identity could neither be static nor centralized.

Members discussed ways in which security threats are addressed in this area; for instance, members discussed data breaches and stolen identities. Members discussed work done on mobile technology and services for the underserved, noting security concerns on shared devices. Additionally, there was a discussion on consumer friction and stolen identities. Members also mentioned the pros and cons of existing technologies available to aid in digital identity security, such as facial and voice recognition. Furthermore, members discussed consumers trying to create a digital identity when someone else had fraudulently created one for them. Members discussed ways in which stolen consumer identities might be used in addition to fraudulent credit.

Some members commented on duplication of work, saying some financial institutions do not have the technical bridges built to other financial institutions to rely on “Know Your Customer” data. They suggested finding a way to rely on information from rigorous authentication processes to make things more seamless down the road for the consumer. Members discussed how this might come about and what would be required. Additionally, members noted that data mining in alternative credit scoring could be used for identity purposes for lower-income and underserved consumers. Members also discussed centralized and decentralized identity database information and the best ways to deliver that information. Members also discussed consumer education and continued the discussion on the need for rigorous security. Some members noted that empirical data was needed on the amount of friction consumers could experience and that there should also be guidance on what any provider should collect. They asked how to design the system to be consumer foolproof. Some members said that in addition to friction versus protection, there was the issue of a threshold that leads to change in the system.

## Information Exchange: Faster Payments

**Gary Stein, Deputy Assistant Director, Office of Card, Payment, and Deposit Markets**

**Thomas Devlin, Senior Counsel, Office of Regulations**

Staff in the Office of Card, Payment, and Deposit Markets and the Office of Regulations provided an explanation of faster payments and the Bureau's activities in this arena. Staff explained how many faster payment solutions rely in part on legacy payment system rails. Additionally, staff discussed token directories, the great promise in faster payments, and issues related to current market solutions. The Bureau has not engaged in any rulemaking in the faster payments space but did publish Consumer Protection Principles in 2015, in part in response to industry interest in the Bureau's perspective for how faster payment could best serve consumers.

Staff also described the Bureau's role in a Federal Reserve taskforce that examined faster payments and the results of that taskforce's work. An outgrowth of that taskforce was the creation of the Governance Framework Formation Team, which in turn launched the U.S. Faster Payments Council, a self-governing organization for faster payments. Then, staff talked about fraud and public trust and confidence in faster payment systems.

Members discussed how faster payments could benefit consumers and how the Bureau can help in this space. Some members discussed challenges related to legacy payment systems, including delayed access to funds or confirmation of receipt of payment. Members also discussed challenges consumers face in predicting the timing and status of some legacy payments. Members discussed additional impacts of slower payments on consumers. Members suggested that the Bureau provide more data and research on the topic of the impact of slower payments, such as consumer complaints and costs incurred. Members also discussed the effects of the time gap in slower payments on the poor.

Members also highlighted the need for under- and unbanked populations to have at least a basic bank account for bill payments. One member suggested regulation to make sure banks prioritized credits over debits when posting transactions. Additionally, members discussed the different checking accounts available that are intended to limit or eliminate overdrafts and the need to screen consumers for prior overdraft behavior and risk. Members also talked about the hurdles of getting consumers into these products. Moreover, members discussed verification of payments and what recourse was available to consumers with different payment methods. Members also talked about how the current system imposes a tax on those who need their money earlier. Members discussed how streamlined payment processes are a benefit for both consumers and businesses.

## Combined Advisory Committee Roundtable

In the afternoon CAB, CBAC, and CUAC members met with Bureau leadership and subject matter experts for a combined roundtable discussion on the Bureau's Smart Small, Save Up initiative, the Bureau's work on Property Assessed Clean Energy (PACE), and the Misadventures in Money Management (MiMM) tool. Zixta Martinez, Associate Director of the Division of External Affairs, welcomed audience members to the public meeting and introduced advisory committee members. Andrew Duke, Policy Associate Director of the Division of External Affairs, provided remarks and introduced Director Kraninger. Director Kraninger provided opening remarks and welcomed the committee chairs, committee members, and members of the public.

Following Director Kraninger's remarks, Janneke Ratcliffe, Assistant Director, Office of Financial Education, and Gene Koo, Assistant Director, Office of Consumer Engagement, provided an overview of the Bureau's Smart Small, Save Up initiative. Next Mark McArdle, Assistant Director, Office of Mortgage Markets and Joel Singerman, Counsel, Office of Regulations discussed the Bureau's Advanced Notice of Proposed Rulemaking (ANPR) on PACE. Following the PACE discussion, James Rice, Assistant Director, Patrick Campbell, Deputy Assistant Director, and Mechel Glass, Financial Education Program Analyst, of the Office of Servicemember Affairs shared the Misadventures in Money Management tool and sought to receive feedback from advisory committee members. The video of the roundtable is available on consumerfinance.gov.

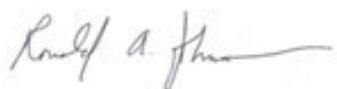
## Adjournment

Community Bank Advisory Council Chair Maureen Busch adjourned the meeting of the CFPB advisory committees on March 14, 2019 at 5:15 p.m. Eastern.



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Matt Cameron  
Staff Director, Advisory Board and Councils Office  
Consumer Financial Protection Bureau



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Dr. Ronald Johnson  
Chair, Consumer Advisory Board