

BUREAU OF CONSUMER FINANCIAL PROTECTION | FEBRUARY 2019

# Fiscal Year 2019: Annual performance plan and report, and budget overview



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# Overview of the Bureau

The Bureau of Consumer Financial Protection (Bureau) was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The Bureau is an independent bureau within the Federal Reserve System, and an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the Bureau to exercise its authorities to ensure that, with respect to consumer financial products and services<sup>1</sup>:

1. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;
2. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;
3. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;
4. Federal consumer financial law is enforced consistently in order to promote fair competition; and
5. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

The Bureau is headed by a sole Director, appointed by the President, by and with the advice and consent of the Senate, to a five year term.

Funding required to support the Bureau's operations is obtained primarily through transfers from the combined earnings of the Federal Reserve System. Annual transfers to the Bureau may not exceed an amount equal to 12 percent of the Federal Reserve System's 2009 operating expenses, adjusted annually based on the percentage increase in the employment cost index by the Federal Government for total compensation for state and local government workers as specified in the Dodd-Frank Act.

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<sup>1</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b).

# Mission and vision

## Mission

To regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions.<sup>2</sup>

## Vision

Free, innovative, competitive, and transparent consumer finance markets where the rights of all parties are protected by the rule of law and where consumers are free to choose the products and services that best fit their individual needs.

## How we will do our work

The Bureau will achieve its mission and vision through:

- Seeking the counsel of others and making decisions after carefully considering the evidence.
- Equally protecting the legal rights of all.
- Confidently doing what is right.
- Acting with humility and moderation.

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<sup>2</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1011(a) and 1013(d).

# Strategic plan overview

The Strategic Plan for FY 2018-2022 articulates the Bureau's long-term strategic goals and objectives that drive achievement of the Bureau's mission. The Bureau's strategic plan includes three strategic goals:

Goal	Description
<b>Goal 1</b>	Ensure that all consumers have access to markets for consumer financial products and services.
<b>Goal 2</b>	Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.
<b>Goal 3</b>	Foster operational excellence through efficient and effective processes, governance, and security of resources and information.

## About the plan

The Bureau's Strategic Plan for FY 2018-2022 articulates the Bureau's long-term strategic goals and objectives that drive achievement of the Bureau's mission. The five-year Strategic Plan is published as a separate document and is incorporated into the FY 2019 Annual Performance Plan and Report (APP).

The Bureau's FY 2019 Annual Performance Plan and Report identifies the performance goals, performance measures, and targets for each strategic goal and objective; describes the agency's accomplishments; and presents the results of the agency's performance metrics for FY 2018.

The FY 2019 Annual Performance Plan contains a number of new performance goals and measures to align with the FY 2018-2022 Strategic Plan. New performance goals and measures have targets for FY 2019 and FY 2020. Existing performance goals and measures that were included in the prior Annual Performance Plan also report on actual performance for FY 2013 to FY 2018, as available. In addition, this document contains the Bureau's most current view of budget projections for FY 2019-2020 and corresponding measures across its performance goals. The GPRA Modernization Act (GPRAMA) of 2010 asks agencies to identify lower-priority program activities, where applicable. The Bureau does not have any lower-priority program activities. The Bureau's Strategic Plan for FY 2018-2022 can be found on the agency's website, at [www.consumerfinance.gov/about-us/budget-strategy](http://www.consumerfinance.gov/about-us/budget-strategy).

# Budget overview

The Bureau's operations are funded principally by transfers made by the Board of Governors of the Federal Reserve System (Board) from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The Director of the Bureau requests transfers from the Federal Reserve System in amounts that he or she has determined are reasonably necessary to carry out the Bureau's mission within the limits set forth in the Dodd-Frank Act. Transfers from the Federal Reserve System were capped at \$663.0 million for FY 2018 and are capped at \$678.9 million for FY 2019. For FY 2020, the funding cap will be \$695.9 million.

The FY 2019 and FY 2020 budget estimates included in this Report for the Bureau Fund allow the Bureau to continue to fulfill its statutory purpose, objectives, and functions pursuant to Section 1021 of the Dodd-Frank Act. This budget will provide the Bureau with the resources necessary to implement initiatives to continue to meet its mission.

In FY 2018 the Bureau incurred obligations from the Bureau Fund totaling \$553.0 million to support its mission. The budget estimates for FY 2019 and FY 2020 decrease to \$533.0 million and \$503.9 million, respectively, as the Bureau focuses on ways to more efficiently carry out its statutory mandate. This represents reductions from FY 2018 levels of 3.6% for FY 2019 and 8.9% for FY 2020. As discussed throughout this document, these funds will enable the Bureau to achieve its mission and strategic goals outlined in this document.

## Budget by Strategic Goal

Budget by strategic goal (\$ in the millions)

	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>
Goal 1	174.3	32%	166.2	31%	161.3	32%
Goal 2	233.2	42%	219.4	41%	208.1	41%
Goal 3	145.5	26%	147.4	28%	134.5	27%
<b>Total</b>	<b>\$553.0</b>	<b>100%</b>	<b>\$533.0</b>	<b>100%</b>	<b>\$503.9</b>	<b>100%</b>

\* FY 2018 amounts reflect obligations incurred and include some upward adjustments to prior year obligations.

\*\* FY 2019 and FY 2020 estimates are based on the best available information at the time the Budget was prepared and are subject to revision.

Activities related to consumer education and regulations in Goal 1 represent just over 30% of the Bureau’s budget. To support this goal, the Bureau will seek to invest resources to enhance the financial knowledge and skills of all Americans and to engage in rulemakings that will address market failures and reduce unwarranted regulatory burden. Activities related to supervision and enforcement, which are included in Goal 2, represent the largest portion of the budget at just over 40%. This level of funding demonstrates the Bureau’s focus on protecting consumers from financial harm resulting from unfair, opaque, or noncompetitive practices. Finally, activities in Goal 3 reflect the Bureau’s commitment to be a responsible steward of resources and to effectively secure its resources and information. As part of this commitment, the Bureau will continue to invest resources to safeguard the Bureau’s information and systems, maintain a talented and diverse workforce, and promote accountability. The proportion of funding across supporting each goal is expected to remain relatively constant through FY 2020.

## Budget by Object Class and Program

Budget by object classification (\$ in the millions)

Object Classification	2018	2019	2020
Personnel Compensation	232.2	231.5	230.0
Personnel Benefits	87.7	85.9	85.4
Benefits to Former Personnel	0.5	0.9	1.3
Travel and Transportation of Persons	15.7	17.8	17.8
Transportation of Things	0.1	0.1	0.1
Rents, Communications, and Misc. Charges	15.7	13.2	12.8
Printing and Reproduction	4.5	2.8	2.8
Other Contractual Services	169.2	144.5	128.2
Supplies and Materials	5.2	4.0	4.3
Equipment	22.1	22.7	18.2
Land and Structures	0.1	9.6	3.0
<b>Total</b>	<b>\$553.0</b>	<b>\$533.0</b>	<b>\$503.9</b>
Full-time equivalent (FTE)	1,606	1,540	1,468

Over the FY 2019 and FY 2020 time period, the overall Bureau's budget reflects reductions in spending while maintaining commitment to its mission to protect and empower consumers and to continue to address key challenges and leverage agency strengths.

Personnel and benefit compensation represent the largest cost of the Bureau and remain relatively stable across all programs through FY 2020. The reductions in full-time equivalent employment (FTE) reflect efforts to improve the Bureau's efficiency, effectiveness, and focus on core mission responsibilities. These FTE reductions are expected to be achieved over time through attrition. To this end, a hiring freeze was implemented in 2017 with the goal of restructuring the Bureau operations in a way that reduces redundancy, makes the best use of resources, and generates immediate budget savings.

Travel costs are expected to increase from FY 2018 levels as travel within Supervision, Enforcement, and Fair Lending returns to prior year spending levels to support supervision and enforcement activities.

The Bureau recently completed major renovation work on its headquarters building in Washington DC (at 1700 G Street, NW) to update the building to current energy, environmental, and security standards and make necessary repairs to aging building systems and infrastructure. These renovations included the replacement of major infrastructure such as the roof, building enclosure, and heating, water, and electrical systems. Overall rent costs decreased after the Bureau moved from temporary space back to its permanent headquarter buildings in Washington DC.

However, costs related to land and structure increase in FY 2019 as the Bureau performs essential work to modernize the eight main passenger elevators in its main headquarter building and other post construction modifications required for increased efficiencies. Additionally, the Bureau plans to fund changes to the Bureau's existing buildings to more efficiently utilize existing building space, promote more face-to-face collaboration, and reduce expenses in the Washington, DC area.

Decreases in contractual services reflect the completion of several Bureau initiatives. The largest decrease is in Consumer Education and Engagement with the planned completion of the financial coaching initiative, which has provided professional financial coaching to veterans and economically vulnerable consumers at a diverse set of organizations across the country for the past several years. The largest decrease in Supervision, Enforcement and Fair Lending (SEFL) is related to litigation support as the Bureau projects the need for expert witness services will be

lower than in FY 2018. Additional contractual services decreases in SEFL are attributed to its Compliance Tool and Supervision Examination System budgeting solely for operations and maintenance. The Bureau is also experiencing cost savings due to the migration to a less costly consumer response system to collect, investigate, respond, and analyze consumer complaints. Finally, decreases in Centralized Services reflect cost savings in IT portfolio management, enterprise architecture, and design and software development support services as a result of a series of actions to increase operational and technological efficiency and reflect the maturity of those systems.

Budget by program (\$ in the millions)

	2018	2019	2020
Office of the Director	8.6	11.8	11.5
Operations	62.5	65.1	64.5
Consumer Education, and Engagement	77.9	67.8	66.7
Research, Markets, and Regulation	36.7	37.9	39.1
Supervision, Enforcement, and Fair Lending	162.0	148.1	145.0
Legal	16.5	17.4	17.9
External Affairs	8.7	9.6	10.1
Other Programs*	3.0	3.9	4.3
Centralized Services**	177.1	171.4	144.9
<b>Total</b>	<b>\$553.0</b>	<b>\$533.0</b>	<b>\$503.9</b>

\* Other Programs includes programs such as the Ombudsman and Administrative Law Judges

\*\* Centralized services include the cost of certain administrative and operational services provided centrally to other Divisions (e.g., building space, utilities, and IT-related equipment and services) in support of all strategic goals.

## Summary of Key Investments

The table below details the funding levels for the Bureau's key non-personnel investments by strategic goal and objective. Key investments are presented in more detail in the discussion of each goal.

**Key Investments (\$ in the millions)**

<b>Goal</b>	<b>Investment Category</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
1.1	Consumer Education Initiatives	12.0	5.9	6.3
	Consumer Experience Program	2.5	4.0	4.0
	Consumer Response Complaint Intake, Handling, and Analytics	5.3	3.4	2.8
	Consumer Response Contact Center	10.3	9.4	9.6
	Financial Education Research	1.2	0.7	0.7
	Financial Well-Being and Other Tools for Financial Educators of Adults and Youth	3.1	1.9	1.9
1.3	Special Populations Programs	3.7	3.9	3.7
	HMDA Operations	4.1	3.4	3.4
	National Mortgage Database	1.5	1.4	1.4
	Other Market Data	0.9	1.0	0.8
	Primary Data Collection	1.7	1.0	1.5
2.1/2.2	e-Law Tools and Support	3.8	2.3	2.3
	Examiner Commissioning Training Program	2.0	1.1	1.1
	Litigation Support	8.4	4.2	4.3
	Special Populations Programs	1.7	1.6	1.8
	Supervision and Enforcement Training & Travel	16.1	17.6	17.6
	Supervision Compliance Tool	0.7	0.2	0.3
3.1	Supervision Examination System	1.9	1.0	0.0
	Cloud Infrastructure and Services	11.8	9.8	3.8
	Cybersecurity	9.6	7.5	6.9
	Human Capital Shared Services, Infrastructure, and Operations	5.3	5.5	4.9
		1.9	1.0	1.2
		0.8	0.6	0.8
3.3	Cloud Application Platforms	3.3	2.8	1.3
	Data Infrastructure and Analysis	6.5	3.9	3.0
	Financial Management Support Services	4.2	3.0	3.2

<b>Goal</b>	<b>Investment Category</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	Internal Control Assessment Program Support	0.8	0.7	0.7
	IT Portfolio Management and Enterprise Architecture	7.7	2.6	2.0
	Procurement Services and Support	2.2	1.4	1.4
ALL	Audits of the Bureau, including the Office of the Inspector General	13.0	16.2	15.4
	Design and Software Development Support	2.0	2.6	2.0
	Enterprise Customer Relationship Management Platform	9.6	8.5	6.4
	Facilities Agreements (Occupancy)	16.8	21.4	21.7
	Facilities Agreements (Occupancy) for Temporary Space	5.1	0.1	0.0
	Facilities Agreements (Utilities, Security, Other)	11.2	11.5	10.7
	FRB Retirement Plan Management Services	1.6	1.8	1.8
	HQ Building Renovation	0.1	9.6	3.0
	Legal Technology Platform	2.4	2.4	1.9
	Library Resources and Services	3.0	2.5	2.7
	Personnel Security Investigations	1.5	0.9	0.9
	Technology Infrastructure	18.4	22.6	18.3
	Other	13.0	12.0	9.8
<b>Grand Total</b>		<b>\$232.5</b>	<b>\$214.7</b>	<b>\$187.3</b>

# Budget Authority

The Bureau's operations are funded principally by transfers made by the Board from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The Director of the Bureau requests transfers from the Federal Reserve System in amounts that he or she has determined are reasonably necessary to carry out the Bureau's mission within the limits set forth in the Dodd-Frank Act. Transfers through fiscal year (FY) 2013 were capped at pre-set percentages of the total 2009 operating expenses of the Federal Reserve System. Beginning in FY 2014, the funding caps have been adjusted annually, based on the percentage increase in the employment cost index for the total compensation for State and local government workers, which is published by the Federal Government. Transfers from the Federal Reserve System were capped at \$663.0 million for FY 2018 and are capped at \$678.9 million for FY 2019. For FY 2020, the funding cap will be \$695.9 million. Funds transferred from the Federal Reserve System are deposited into the Bureau of Consumer Financial Protection Fund (Bureau Fund), which is maintained at the Federal Reserve Bank of New York. The Bureau anticipates requesting less than the transfer cap to fund operations in FY 2019 and FY 2020.

The Bureau also generates additional budget authority through offsetting collections and miscellaneous revenue. For example, the Board and the Bureau entered into an interagency agreement for the construction of a new system, which the Bureau will maintain, operate, and manage on behalf of the Agencies<sup>3</sup> and the Federal Financial Institutions Examination Council (FFIEC) for the collection, processing, and publication of the Home Mortgage Disclosure Act Data (HMDA). The Bureau will process the HMDA Data for the Agencies and the FFIEC, and prepare and make available data products to the general public. As a result, the Agencies reimburse the Bureau for the cost associated with operating the system on behalf of the FFIEC. A small portion of the Bureau's budget comes from receipts collected from interest on Treasury securities; and filing fees pursuant to the Interstate Land Sales Full Disclosure Act of 1968 (ILSA). ILSA fees are deposited into an account maintained by the Department of the Treasury and may be expended for the purpose of covering all or part of the costs that the Bureau incurs

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<sup>3</sup> "Agencies" are defined as the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System (Board), and the National Credit Union Administration (NCUA).

to operate the ILSA Program.

Bureau Fund (\$ in the millions)\*

	FY 2018	FY 2019	FY 2020
Transfers from the Federal Reserve Board	381.3	533.0	503.9
Collections	6.7	4.0	4.0
Other Receipts	6.1	5.3	4.0
Unobligated Balances, start of year	177.1	56.0	77.3
Recoveries of Prior Year Obligations	37.8	12.0	10.0
<b>Total Budgetary Resources</b>	<b>\$609.0</b>	<b>\$610.3</b>	<b>\$599.2</b>
<b>Total Obligations</b>	<b>\$553.0</b>	<b>\$533.0</b>	<b>\$503.9</b>

\* FY 2019 and FY 2020 amounts are estimates based on the best available information at the time the Budget was prepared and are subject to revision.

## Civil Penalty Fund Budget Authority

Pursuant to the Dodd-Frank Act, the Bureau is also authorized to collect and retain for specified purposes civil penalties obtained from any person in a judicial or administrative action for violations of Federal consumer financial laws. The Bureau generally is authorized to use these funds for payments to the victims of activities for which civil penalties have been imposed, and may also use the funds for consumer education and financial literacy programs under certain circumstances.

The Bureau maintains the Consumer Financial Civil Penalty Fund (CPF) for this purpose. Collections of civil penalties are deposited into the CPF, and such funds are available for payments to victims of activities for which civil penalties have been imposed under the Federal consumer financial laws. To the extent that victims cannot be located or payments are otherwise not practicable, the Bureau is authorized to use such funds for consumer education and financial literacy programs. As directed by the Dodd-Frank Act, the Bureau maintains a separate account for these funds at the Federal Reserve Bank of New York. On May 7, 2013, the Bureau published in the *Federal Register* the Civil Penalty Fund rule, 12 C.F.R. part 1075, a final rule governing how the Bureau will use funds in the CPF. This rule states that the Civil Penalty Fund Administrator will allocate funds to classes of eligible victims and, as appropriate, to

consumer education and financial literacy programs in accordance with a schedule published by the Bureau on its website.

The Bureau collected \$522.8 million in FY 2018 which brings the total amount collected to date to \$1,092.6 million. Of this amount, the Bureau has allocated a total of \$661.8. The Bureau has deallocated \$31.3 million following completion of distribution to victims. Of the remaining \$630.5 million that remains allocated, approximately \$601.7 million was allocated to compensate harmed consumers and \$28.8 million for consumer education and financial literacy programs. The Bureau has obligated a total of \$459.3 million through the end of FY 2018 in the fund, of which \$108.4 million was obligated in FY 2018. An additional \$145.5 million is projected to be obligated in FY 2019.

Additional information regarding allocations from the CPF is available at consumerfinance.gov.

Civil Penalty Fund (\$ in the millions)\*

	FY 2018	FY 2019	FY 2020
Collections	522.8	3.0	0
Unobligated Balances, start of year	215.8	638.3	495.8
<b>Recoveries</b>	8.1	0	0
<b>Total Budgetary Resources</b>	<b>\$746.7</b>	<b>\$641.3</b>	<b>\$495.8</b>
<b>Total Obligations</b>	<b>\$108.4</b>	<b>\$145.5</b>	<b>\$8.7</b>

\* FY 2019 and FY 2020 amounts are estimates based on the best available information at the time the Budget was prepared and are subject to revision.

# Goal 1. Ensure that all consumers have access to markets for consumer financial products and services<sup>4</sup>

Budget for Goal 1, by program (*\$ in the millions*)

Goal 1	2018	2019	2020
Office of the Director	0.5	0.8	0.7
Operations	5.7	8.6	8.3
Consumer Education, and Engagement	75.4	65.0	63.8
Research, Markets, and Regulation	36.7	38.0	39.1
Supervision, Enforcement, and Fair Lending	0.0	0.0	0.0
Legal	4.9	5.2	5.4
External Affairs	5.0	5.5	5.7
Other Programs	0.4	0.6	0.7
Centralized Services	45.7	42.5	37.6
<b>Total</b>	<b>\$174.3</b>	<b>\$166.2</b>	<b>\$161.3</b>

Consumer protection begins with ensuring that all consumers have access to markets for consumer financial products and services. Access is enhanced where markets are transparent, competitive, and innovative and where providers can adapt to changing consumer demand. Access is also enhanced where consumers can reasonably obtain the information they need to make informed decisions.

Congress directed the Bureau to help educate consumers to make better informed financial decisions. The Bureau seeks to enhance the financial knowledge and skills of all Americans,

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<sup>4</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(a).

from childhood to later life, so that individuals build their financial well-being. The Bureau also collects, investigates, and responds to consumer complaints when problems arise in consumer financial markets.

Congress has also assigned the Bureau the responsibility of issuing rules and guidance where appropriate to carry out the purposes and objectives of the Federal consumer financial laws. The Bureau carries out that responsibility by gathering the best available evidence and engaging in rulemakings to address market failures<sup>5</sup> that make it difficult for consumers to engage in informed decision making and otherwise protect their own interests, and reduce unwarranted regulatory burden so as to enable markets to operate efficiently, transparently, and competitively.

The Bureau will attain its first goal by achieving the following three objectives:

- 1. Objective 1.1:** Ensure that consumers are provided with timely and understandable information to make responsible decisions about financial transactions.
- 2. Objective 1.2:** Regularly identify and address outdated, unnecessary, or unduly burdensome regulations in order to reduce unwarranted regulatory burdens.
- 3. Objective 1.3:** Ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

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<sup>5</sup> Market failure is defined as “a situation in which a market left on its own fails to allocate resources efficiently”, Gregory Mankiw, “Principles of Economics”, Second Ed., 2001.

# Objective 1.1

*Ensure that consumers are provided with timely and understandable information to make responsible decisions about financial transactions.<sup>6</sup>*

**Objective leaders:** Associate Director, Consumer Education and Engagement; Associate Director, Research, Markets & Regulations

## Strategies and investments

The following strategies and investments have been put in place to help the Bureau achieve objective 1.1.

### Strategies

- Provide financial education to the public, directly and through community channels.
- Share research on effective financial education practices and financial well-being with financial educators.
- Address needs for inclusion and financial security of servicemembers, older Americans, traditionally underserved consumers and communities, and students.
- Research and report on the effectiveness of paper and electronic disclosures and issue rules and waivers of rules as appropriate to improve the effectiveness of disclosures.
- Facilitate the collection, monitoring, and response to consumer complaints and inquiries regarding consumer financial products and services.

### Investments

#### **PERSONNEL**

Maintain strong, expert staff to develop and implement financial education programs, consumer engagement, community partnerships as well as financial education and special population policy and research activities. Maintain staff to support intake, investigations, and data analysis

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<sup>6</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(1).

in order to review, route, address, and learn from consumer complaints.

## **CONSUMER EDUCATION INITIATIVES**

Develop consumer education initiatives on specific topics with targeted information, tools, action steps, and skill-building opportunities to provide financial education to a diverse range of audiences. Education topics include money management, savings, credit reports, debt collection, mortgages, retirement, student loans, building children’s financial capability, building financial well-being through financial education, and other money issues. The approaches include delivery of financial education directly and through community channels.

## **CONSUMER EXPERIENCE PROGRAM**

Research, design, develop, launch, and continually optimize consumer-facing digital education products offered through consumerfinance.gov. Implement strategies and plans to increase engagement with these educational products. Under this program, the Bureau builds and offers tools with actionable steps for consumers navigating money questions and significant financial decisions. These tools support consumers’ financial education and consumers’ ability to manage important financial decisions to meet their own life goals.

## **CONSUMER RESPONSE CONTACT CENTER**

Operate a toll-free number to answer consumers’ questions by phone, collect consumer complaints, and support mail services.

## **CONSUMER RESPONSE COMPLAINT INTAKE, HANDLING, AND ANALYTICS**

Collect, investigate, respond to, and analyze consumer complaints. Provide secure portals for consumers to track the status of their complaints; for companies to provide responses to complaints; and for other regulators to review complaint information. Enhance the tools used to analyze consumer complaints and company responses to assess the accuracy, timeliness, and completeness of company responses and to help the Bureau detect emerging trends, analyze patterns, glean insights from complaints, and prioritize its work.

## **FINANCIAL WELL-BEING AND OTHER TOOLS FOR FINANCIAL EDUCATORS OF ADULTS AND YOUTH**

Develop insights into the factors such as specific knowledge, skills, and behaviors that support consumer financial well-being. Use these factors to enhance the success of financial educators in building consumer financial capability. Develop tools and techniques for financial education

practitioners to use to create and sustain the conduct and skills that contribute to financial well-being; assist financial educators and others to use the financial well-being scale to measure their services; and encourage continued research into the financial education methods that will enhance and support increased financial well-being.

### **FINANCIAL EDUCATION RESEARCH**

Assess, identify, and spread knowledge about effective financial education approaches and tools for financial education practitioners. This is applied research, with an emphasis on concepts and materials that financial educators can use with the people who they serve.

### **SPECIAL POPULATIONS PROGRAMS**

Invest in projects that help people in special populations achieve improved financial decision-making in order to build their financial capability and financial well-being. The populations include traditionally underserved low-income Americans, young adults, older Americans, servicemembers, and veterans. In this work, the Bureau develops and distributes financial education information, tools, action steps, and skill-building opportunities for these populations. The Bureau also shares promising, evidence-based practices for effective financial education to build financial capability with service providers in the field. An example of this work is the Your Money, Your Goals (YMYG) program, which helps social service organizations who help consumers manage their finances by identifying financial goals, creating savings plans, managing debt, and learning about credit.

### **DISCLOSURE RESEARCH, DESIGN, TESTING AND IMPLEMENTATION**

Conduct and gain expertise in disclosure design and disclosure usability testing. Qualitative research, such as one-on-one interviews and focus groups, enables the Bureau to put forward proposed forms which consumers are more likely to be able to navigate and comprehend. These investments also contribute to initiatives that establish findings or evidence related to disclosure methods.

## **Performance goals**

The Bureau will assess the progress on achieving objective 1.1 through the following performance goals:

**Performance goal 1.1.1:** Help people build the knowledge and skills to make money decisions through direct financial education from the Bureau and through community channels providing other services.

The Bureau works to provide consumers with the knowledge, tools, and capabilities they need in order to make better informed financial decisions to serve their life goals. To that end, the Bureau offers directly to consumers a variety of information, tools, and programs about major financial choices and other money decisions. Educational offerings are provided in web and print, including the Bureau’s “Ask CFPB” service of over 1,000 questions and answers, Owning a Home, Planning for Retirement, Paying for College, Money as You Grow, web pages focused on specific money topics, anti-fraud materials for seniors, and other print materials.

The Bureau also works to make it easier for people to access financial education in their local communities and to foster a lasting local financial education infrastructure. The Bureau does this by integrating financial education into trusted and established community channels, such as libraries, workplaces, social service organizations, military services, and government agencies. Major community channel initiatives in FY19-FY20 include: the Your Money, Your Goals Program; the educational program for military recruits, ROTC and new active duty servicemembers; the Libraries Community Education Program; the Youth Employment Success Program; the program to provide education materials to organizations serving seniors; and the Tax-Time Savings Program. The education offered through the direct and the community channels covers topics that consumers frequently seek on our web site as well as prevention topics such as money management and savings.

### Performance measures

**Table 1.1.1.1:** Number of people who use the Bureau’s educational resources on web and in print

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>					NA	8.7M	8.0M	8.0M
<b>Actual</b>					15.5M	9.9M	NA	NA

**Table 1.1.1.2:** Percentage of Ask CFPB users who rate questions and related answers as helpful

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>					NA	86%	85%	85%
<b>Actual</b>					86%	84.1%	NA	NA

**Table 1.1.1.3:** Number of staff trained with local and regional organizations to assist the people that they serve with financial information

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>					NA	6,000	4,000	4,000
<b>Actual</b>					9,352	3,721	NA	NA

**Table 1.1.1.4:** Percentage increase in confidence level of social services staff trained in discussing core financial management topics with clients after YMYG training (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	35%	35%
<b>Actual</b>						NA	NA	NA

**Table 1.1.1.5:** Number of library locations engaged to be local centers of financial education

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>					NA	2,000	2,000	2,000
<b>Actual</b>					1,628	2,106	NA	NA

**Table 1.1.1.6:** Participating librarians who say the Bureau's library program increased their library's ability to provide financial education resources to patrons (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

**Table 1.1.1.7:** Number of individuals served by financial coaching for transitioning veterans and economically vulnerable consumers (program ends March 2019)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>					NA	6,000	3,000*	NA
<b>Actual</b>					6,781	7,860	NA	NA

\*Note: FY19 target reflects program ending 3/31/19.

**Table 1.1.1.8:** Percentage of servicemembers (future and current) who accessed the misadventures in money management (MiMM) who showed knowledge gain (in one or more topics) (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	15%	15%
<b>Actual</b>						NA	NA	NA

## Progress update and future action

The Bureau continues to provide people with educational information and tools online, in print, and through community channels. The Bureau's consumer financial education programs are designed to empower people to make better informed financial decisions to serve their own life goals. The financial education topics address major areas of consumer interest such as: debt collection, credit and credit reporting, home ownership and mortgages, and student loan repayment. Other topics help people in their financial lives through preparedness and prevention, including: general money management, savings, building children's financial capability, and a secure retirement.

The Bureau's primary educational offerings include:

- “Ask CFPB,” an online educational content tool to provide consumers with answers to commonly asked questions. Since its launch in 2012, more than 22 million people have visited pages that provide the most relevant information about a particular topic.
- Digital tools on specific money decisions such as borrowing to buy a house, getting an auto loan, paying for college, planning for retirement, and tools and information for parents who want to teach their children about money.
- *Your Money Your Goals* (YMYG) train-the-trainer program with tools that have served over 26,000 frontline staff and volunteers nationwide in social service and other types of local service organizations over the life of the program.

- Free publications for libraries plus monthly webinars, other trainings, and opportunities for librarians to connect with local financial education providers.
- Technical assistance to Volunteer Income Tax Assistance (VITA) program tax sites and private tax preparers who wish to encourage savings at tax time.
- Training for future and active duty servicemembers reporting to their first duty station on how they can avoid costly mistakes in their personal finances.

The annual performance measures related to financial education included in this report measure output such as individuals served, staff trained, and people who use resources developed by the Bureau. They also measure customer satisfaction or outcomes such as knowledge gain, confidence gain, or savings participation.

### **Performance goal 1.1.2:** Amplify the effectiveness of financial education for adults and for children.

Financial education's overall goal is to improve financial well-being by helping people to make better-informed financial decisions and take financial steps to achieve their own life goals. The Bureau develops and shares information, tools and knowledge to amplify the reach and effectiveness of financial educators of adults and children. The Bureau has conducted research which has defined what financial well-being is and how to measure it. Current research focuses on how to support financial well-being. The Bureau distributes the results of the financial well-being research to financial educators.

#### Performance measures

**Table 1.1.2.9:** Number of papers developed to increase understanding of what contributes to financial well-being that can be supported through financial education

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>				NA	2	2	2	
<b>Actual</b>				3	2	NA	NA	

**Table 1.1.2.10:** FinEx participants reporting that Bureau tools changed how they interact with consumers (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	50%	50%
Actual						NA	NA	NA

**Table 1.1.2.11:** Downloads of tools/papers/materials for educators serving adults

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target					NA	46,000	50,000	50,000
Actual					55,000	45,120	NA	NA

**Table 1.1.2.12:** Launch teacher financial education platform

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target					High school teacher platform	Middle school teacher platform by end of FY19	Elementary school teacher platform by end of FY20	
Actual					Nov 2018	NA	NA	

**Table 1.1.2.13:** Number of teachers reached

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target					NA	2,000	5,000	20,000
Actual					1,210	2,200	NA	NA

## Progress update and future action

The Bureau has provided financial educators with significant research, analysis, and tools on defining and measuring financial well-being, effective practices in financial education, and how children and youth develop the building blocks of adult financial well-being. In FY19, the Bureau will continue to develop and share information, tools, and research about how financial education can foster better financial decisions and actions leading to enhanced financial well-being for the general population, older adults, servicemembers, veterans, students, and traditionally underserved consumers.

A key channel to distribute Bureau-developed research, knowledge, insights, and tools is the Financial Education Exchange (FinEx). Over 61% of financial educators reported that Bureau tools changed how they interacted with their clients. In FY18, over 5,000 practitioners participated in FinEx and downloaded over 45,000 FinEd tools and materials. With the launch of the teacher resources digital platform for high school educators in November 2018 and the launch for middle school educators planned in FY19, the Bureau will continue to build and share resources to support the financial capabilities of American youth by introducing key money and personal finance related concepts. The Bureau will continue to develop and share research, knowledge, insights, and tools on how financial educators and families can help children and youth develop financial capability. The Bureau will continue to provide the Department of Defense (DoD) technical assistance as it implements its mandate to educate servicemembers through the military lifecycle.

**Performance goal 1.1.3:** Provide information, guidance, and technical assistance for the underserved to participate in financial services and encourage innovation for inclusion.

To achieve the Bureau's statutory objectives regarding traditionally underserved consumers, the Bureau provides information, guidance, and technical assistance to support access to financial products and services. The Bureau provides technical assistance to civic leaders who are trying to bring more people into the credit reporting system. The Bureau also conducts research about ways to support saving and money management.

### Performance measures

**Table 1.1.3.14:** Distribution of reports and tools on effective approaches to savings or money management and number of individuals that attend webinars about the report (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	8,000	8,000
<b>Actual</b>						NA	NA	NA

**Table 1.1.3.15:** Savings rate among program participants at partner tax sites is at least double the national savings rate (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	3%	3%
<b>Actual</b>						3%	NA	NA

**Table 1.1.3.16:** Number of regional or local entities supported with technical assistance to address credit invisibility (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	4	4
<b>Actual</b>						NA	NA	NA

### Progress update and future action

The Bureau works with local municipalities and community-based organizations to help address access to credit through building a credit record. The Bureau creates individual credit profiles for cities and states using existing data from the Bureau's research. The Bureau provides technical assistance to city and regional leaders about their local profiles of "credit invisibility" and ways people can develop a credit record. The Bureau has prepared 74 credit profiles for local communities and all 50 states through FY18 with an additional 15 local or regional profiles planned for FY19.

### **Performance goal 1.1.4:** Research and report on the effectiveness of paper and electronic disclosures regarding consumer financial products or services.

Much federal consumer protection law rests on the assumption that accurate and effective disclosures help Americans understand the terms of different consumer financial products and services and inform their decision making. The Bureau will research disclosure to inform the Bureau's understanding of how disclosures can be most effective.

## Performance measures

**Table 1.1.4.17:** Number of initiatives completed that establish findings or evidence related to disclosure methods (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	1	1
Actual					0	NA	NA	

## Progress update and future action

In FY18, the Bureau's Office of Research organized a Disclosure Workshop. At the event, external disclosure experts in government, industry, and the research community exchanged information and contributed to the Bureau's awareness of existing research and research gaps on priority disclosure-related questions. The workshop will lead to further research that will allow the Bureau to establish findings or evidence related to disclosure methods.

In FY19, the Bureau plans to conduct one initiative that will establish findings or evidence related to disclosure methods. To support the Bureau's debt collection rulemaking, the Office of Research will conduct a study with an experimental design to test disclosure comprehension between groups. The study tests multiple disclosure model forms on people who have experienced debt collections in the past 24 months and asks consumers questions in order to learn which forms improve consumer understanding.

## **Performance goal 1.1.5:** Use disclosure trials and issue rules, as appropriate, to improve the effectiveness of disclosures regarding consumer financial products or services.

The Bureau can require, or provide a safe harbor for, the use of model disclosures developed by the Bureau so long as those model forms are the result of consumer testing. Under the Bureau's trial disclosure policy, the Bureau can approve companies, on a case-by-case basis, for limited time exemptions from current federal disclosure laws in order for those companies to research and test informative, cost-effective disclosures. The companies involved will then share the results of their trial disclosure with the Bureau. The Bureau hopes to use that information to improve its disclosure rules and model forms.

## Performance measures

**Table 1.1.5.18:** Number of proposed and final rules intended to improve consumers' understanding of consumer financial products and services (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	1	TBD
Actual						2	NA	NA

**Table 1.1.5.19:** Number of trial disclosure applications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						Baseline	TBD	TBD
Actual						0	NA	NA

**Table 1.1.5.20:** Percent of trial disclosure applications given a decision within 60 days of deeming the application to be complete (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	Baseline	TBD
Actual						NA	NA	NA

## Progress update and future action

In FY 2018, the Bureau issued two rules intended, in whole or in part, to improve consumers' understanding of consumer financial products and services.

- Payday, Vehicle Title, and Certain High-Cost Installment Loans (October 2017). The rule, which created restrictions on certain consumer credit products, including payday, vehicle title, and certain high-cost installment loans, has a compliance date of August 2019. The rule requires a lender to provide notices before making a loan under the principal-payoff option. These notices must use plain language to inform consumers about elements of the option. In January 2018, the Bureau announced that it intended to engage in a rulemaking process to reconsider the final rule. In October 2018, the Bureau announced the intention to revisit only the ability-to-repay provisions and not the payment provisions of the rule, in significant part because the ability-to-repay provisions have much greater consequences for both consumers and industry than the

payment provisions. The Bureau also announced that it expected to address the rule's compliance date, and to issue the proposed rules in January 2019.

- Summaries of Rights under the Fair Credit Reporting Act (Regulation V) (September 2018). As part of the Economic Growth, Regulatory Relief, and Consumer Protection Act (the Act) of 2018, a new section 605A(i) was added to the Fair Credit Reporting Act (FCRA) that requires a new notice of rights be included whenever a consumer is required to receive a summary of rights. The Bureau issued an interim final rule to amend the model forms in Appendices I and K to Regulation V to incorporate the new required notice. The interim final rule also amends the model form in Appendix I to reflect a statutory change to the minimum duration of initial fraud alerts and makes adjustments to update contact information for certain FCRA enforcement agencies in the model form in Appendix K.

In FY 2019, the Bureaus plans to issue a notice of proposed rulemaking to provide clearer "rules of the road" for debt collectors under the Fair Debt Collection Practices Act especially with respect to the use of communication technologies that have arisen since the enactment of the law. In developing the proposal, as mentioned above, the Bureau will conduct disclosure testing in order to develop model forms that improve consumer understanding related to debt collection.

In FY 2018, the Bureau created the Office of Innovation to focus on encouraging consumer-friendly innovation, which is now a key priority for the Bureau. The work that was being done under Project Catalyst will be transitioned to this new office. The Bureau has a statutory mandate to promote competition, innovation, and consumer access within financial services. To fulfill this mandate, the new office will focus on creating policies to facilitate innovation, engaging with entrepreneurs and regulators, and reviewing outdated or unnecessary regulations.

On September 10, 2018, the Office of Innovation proposed creating a Disclosure Sandbox by revising its existing policy, to encourage trial disclosure programs. The Bureau has a statutory mandate to ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation. The Office of Innovation anticipates that a final Trial Disclosure Policy will be released in FY 2019 and that the Bureau will begin receiving and processing applications in line with the Policy and the procedures described therein.

## **Performance goal 1.1.6:** Handle consumer questions.

The Bureau handles consumer questions about consumer financial products and services, as well as questions about complaints, by telephone from its two US-based contact centers. The Bureau also intakes consumer complaints by telephone.

### Performance measures

**Table 1.1.6.21:** Percentage of consumers satisfied with telephone experience

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Baseline	90%	90%
<b>Actual</b>						91.7%	NA	NA

### Progress update and future action

In FY18, Consumer Response began to measure consumers' satisfaction with their telephone experiences with the contact center to establish a satisfaction baseline. During that time, 91.7% of respondents rated their experience with the contact center as satisfactory.

## **Performance goal 1.1.7:** Facilitate timely response to consumer complaints by companies.

The Bureau facilitates timely response to consumer complaints by companies using a secure, web-based company portal. To protect consumer and company privacy, the Bureau uses this portal to route complaints to companies for review and response. The portal includes tools that help make it easier and faster for companies to receive, review, and respond to consumer complaints and to access and analyze data associated with those complaints.

### Performance measures

**Table 1.1.7.22:** Number of days to route complaints to company

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	3 days	3 days	2 days					
<b>Actual</b>	1 day	1 day	1 day	< 1 day	< 1 day	<1 day	NA	NA

**Table 1.1.7.23:** Percentage of company responses that are timely

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						97%	97%	97%
<b>Actual</b>						99%	NA	NA

### Progress update and future action

In FY18, Consumer Response routed complaints to companies for response within a median of less than 1 calendar day.

Consumer Response also began to report the percentage of complaints that receive a timely response when routed through the company portal. In FY18, 99% of complaints routed to companies through the company portal received a timely response.

### **Performance goal 1.1.8:** Analyze consumer complaint data and provide timely reports to the public.

Analysis of consumer complaints helps the Bureau to regulate consumer financial products and services under existing federal consumer financial laws, enforce those laws judiciously, and educate consumers.

### Performance measures

**Table 1.1.8.24:** Percentage of companies analyzed on response performance (above threshold)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						78%	82%	83%
<b>Actual</b>						90%	NA	NA

**Table 1.1.8.25:** Number of complaint reports published

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						2	3	4
<b>Actual</b>						2	NA	NA

## Progress update and future action

Consumer Response's analysis of consumer complaints, company responses, and consumer feedback enables the Bureau to assess the accuracy, completeness, and timeliness of company responses, and ensures that the Bureau and other regulators have useful information about consumer complaints concerning financial products and services. Consumer Response uses a variety of approaches to analyze consumer complaints including cohort and text analytics to identify trends and possible consumer harm.

## Objective 1.2

*Regularly identify and address outdated, unnecessary, or unduly burdensome regulations in order to reduce unwarranted regulatory burdens.<sup>7</sup>*

**Objective leader:** Associate Director of Research, Markets, and Regulations

### Strategies and investments

#### Strategies

- Obtain input and feedback with respect to existing regulations, alternative approaches to regulation, and alternatives to regulation.
- Conduct empirical assessments to evaluate the effectiveness of significant Bureau rules in achieving the purposes and objectives of title X of the Dodd-Frank Act and the specific goals stated by the Bureau.
- Periodically review individual regulations (or parts of regulations) to identify opportunities for clarification, modernization, and streamlining.
- Engage in rulemaking where appropriate to address unwarranted regulatory burdens.

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<sup>7</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(3).

## Investment

### PERSONNEL

Maintain the capacity to conduct rulemaking activities and identify regulatory burden; maintain the expertise necessary to monitor developments in consumer financial markets and to gather market intelligence related to regulatory burden; and retain the economists and other researchers necessary to conduct benefit-cost analysis, estimate burden and cost savings and to conduct other policy-relevant analysis.

## Performance goals

The Bureau will assess the progress on achieving objective 1.2 through the following performance goals:

### **Performance goal 1.2.1:** Conduct an assessment of significant rules adopted by the Bureau and review regulations to identify opportunities to reduce unwarranted regulatory burdens

The Bureau seeks to regularly identify regulations that are outdated, unnecessary, or otherwise create unwarranted regulatory burden. The Bureau also recognizes that markets for financial products and services are continuously evolving. In order for consumers to realize the full benefit of this innovation, the regulatory landscape must also evolve. Rules that are outdated or no longer necessary or that otherwise impose unwarranted regulatory burden need to be regularly identified as candidates for deregulatory actions.

## Performance measure

**Table 1.2.1.26:** Number of assessments and regulatory reviews completed within statutory deadline (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	3	TBD
<b>Actual</b>						NA	NA	NA

**Table 1.2.1.27:** Number of regulatory reviews initiated and completed (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

## Progress update and future action

In FY 2018, the Bureau issued Requests for Information (RFI) to gather public input on, among other things, areas where the regulations the Bureau administers – both those that were issued by predecessor rulewriting agencies and inherited by the Bureau, and those that were issued by the Bureau – may be imposing unwarranted regulatory burdens. During FY 2019, the Bureau will complete review of the RFI comments and evaluate options for potential burden-reducing rulemakings.

The Bureau also plans to launch a series of discretionary reviews of existing regulations that it inherited from other agencies through the transfer of authorities under the Dodd-Frank Act. In 2011 the Bureau sought feedback on the inherited rules as a whole, and identified and executed burden-reduction projects from that undertaking. The Bureau believes that the next logical step is to review individual regulations or parts of regulations in more detail to identify opportunities to clarify ambiguities, address developments in the marketplace, or modernize or streamline provisions.

Section 1022(d) of the Dodd-Frank Act requires the Bureau to conduct an assessment of each of its significant rules and orders and to publish a report of each assessment within five years of the effective date of the rule or order. In FY 2019, the Bureau will publish reports of its assessments of three rules covering Remittances, RESPA Mortgage Servicing, and Ability-to-Repay and Qualified Mortgage. The Bureau released the Remittance Rule assessment report in October 2018. The Bureau used both its own research and external sources to conduct the assessment. The Bureau expects that the report will help inform the Bureau's future policy decisions concerning remittance transfers, including whether to commence a Rulemaking proceeding to make the Remittance Rule more effective in protecting consumers, less burdensome to industry, or both. The RESPA Mortgage Servicing assessment and the Ability-to-Repay and Qualified Mortgage assessment will be published in January 2019.

**Performance goal 1.2.2:** Engage in rulemaking, where appropriate, to address outdated, unnecessary, or unduly burdensome regulations.

As the Bureau identifies regulations which are or may be outdated, unnecessary or otherwise imposing unwarranted regulatory burden, the Bureau will establish priorities for rulemaking activity to address such burdens and will engage in rulemaking to address the source of such burdens.

## Performance measures

**Table 1.2.2.28:** Number of proposed and final rules to reduce regulatory burden<sup>8</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	3	TBD
<b>Actual</b>						4	NA	NA

**Table 1.2.2.29:** Estimated percent of burden reduced by final rules combined or by each final rule to reduce regulatory burden (NEW MEASURE)<sup>9</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						Baseline	10%	TBD
Actual						NA	NA	NA

## Progress update and future action

In FY 2018, the Bureau finalized four rules intended, in part, to reduce regulatory burden.

- Rules Concerning Prepaid Accounts under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) (January 2018). The Bureau finalized modifications to several aspects of the rule that were intended to facilitate compliance and relieve burden. Modifications were made with respect to error resolution and limitations on liability; application of the rule's credit-related provisions to digital wallets

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<sup>8</sup> Both proposed and final rules are considered under this measure, but a proposed rule and the finalization the same rule will not be double counted.

<sup>9</sup> The Bureau will rely on available data to establish baselines against which to measure the percent of burden reduced. Where reliable data are not available, the Bureau will consider on a case-by-case basis whether to collect new data.

that are capable of storing funds; certain other clarifications and minor adjustments; technical corrections; and an extension of the overall effective date to April 1, 2019.

- Mortgage Servicing Rules under the Truth in Lending Act (Regulation Z) (March 2018). The final rule decreased burden incurred by industry participants by clarifying the timing requirements for certain disclosures required under the Bureau's 2016 Mortgage Servicing Final Rule.
- Federal Mortgage Disclosure Requirements under the Truth in Lending Act (Regulation Z) (April 2018). The final rule sought to reduce uncertainty related to when a creditor may compare charges paid by or imposed on the consumer to amounts disclosed on a Closing Disclosure, instead of a Loan Estimate, to determine if an estimated closing cost was disclosed in good faith.
- Amendment to the Annual Privacy Notice Requirement under the Gramm-Leach-Bliley Act (GLBA) (Regulation P) (August 2018). The rule provides an exception under which financial institutions that meet certain conditions are not required to provide annual privacy notices to customers.

For the burden-reducing rules proposed or finalized in FY 2018, the Bureau quantified estimated one-time and ongoing cost savings resulting from two of the four rules totaling a potential \$26.1 million in annual ongoing cost savings. Under the GLBA annual privacy notice exemptions, the cost savings through burden reduction is estimated to be approximately \$3.2 million annually. For the rule changes concerning prepaid accounts, burden reducing provisions related to transaction error resolution and limited liability will enable covered entities to avoid costs. The Bureau estimated an upper bound to those costs savings of \$22.9 million annually. The Bureau did not quantify cost savings for the mortgage servicing and disclosure rules under Regulation Z.

During FY 2019, the Bureau plans to conduct rulemakings intended to reduce regulatory burden.

- In January 2018, the Bureau announced that it intends to open a rulemaking to reconsider final rule issued in October 2017 that created restrictions on certain consumer credit products, including payday, vehicle title, and certain high-cost installment loans. In October 2018, the Bureau announced the intention to revisit only the ability-to-repay provisions and not the payments provisions of the rule, in significant part because the ability-to-repay provisions have much greater consequences for both consumers and industry than the payment provisions. The Bureau expects to issue Notices of Proposed

Rulemaking addressing the ability-to-repay provisions and the compliance date of those provisions in the second quarter of FY 2019.

- The Bureau announced in December 2017 that it intends to open a rulemaking to reconsider various aspects of a 2015 final rule that amended regulations implementing the Home Mortgage Disclosure Act. The reconsideration could involve such issues as the institutional and transactional coverage tests and the rule's discretionary data points. The Bureau also specifically expects to follow up on its action in August 2017 to amend Regulation C to increase the threshold for collecting and reporting data with respect to open-end lines of credit for a period of 2 years so that financial institutions originating fewer than 500 open-end lines of credit in either of the preceding 2 years would not be required to begin collecting such data until January 1, 2020. The Bureau indicated in August 2017 that it intended to conduct follow-up rulemaking before January 1, 2020 to consider whether to make permanent adjustments to the open-end threshold. The Bureau anticipates engaging in notice-and-comment rulemaking to incorporate an interpretive and procedural rule that it issued in August 2018 to clarify partial HMDA exemptions created by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018.

## Objective 1.3

Ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.<sup>10</sup>

**Objective leaders:** Associate Director, Research, Markets, and Regulations; Associate Director, External Affairs

### Strategies and investments

The following strategies and investments have been put in place to help the Bureau achieve

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<sup>10</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(5).

objective 1.3.

## Strategies

- Effectively monitor consumer financial markets and rigorously study and report on consumer decisions and outcomes.
- Engage in rulemaking or other activities where appropriate to respond to emerging markets and products, changes in market conditions, or innovation.
- Pursue an efficient, transparent, and inclusive approach to developing or revising regulations.
- Carefully evaluate the potential benefits and costs of contemplated regulations.
- Provide financial institutions, service providers, and other entities with tools and resources to support implementation and compliance with consumer financial protection laws.
- Gather input from stakeholders on the Bureau's policies and operations.

## Investments

### **PERSONNEL**

Maintain the capacity to conduct rulemaking activities, provide interpretive guidance, publish regulatory implementation materials, and provide industry with other implementation support; maintain the expertise necessary to monitor developments and trends in consumer financial markets; and economists and other researchers to conduct benefit-cost analysis and other policy-relevant research.

### **NATIONAL MORTGAGE DATABASE**

National Mortgage Database is a comprehensive repository of detailed mortgage loan information. The database is primarily used to support the agencies' policymaking and research efforts and to help regulators and the mortgage industry better understand emerging mortgage and housing market trends.

### **PRIMARY DATA COLLECTION**

The Bureau conducts primary data collections through field tests, controlled trials in laboratory

settings, and surveys to inform policy making and build foundational knowledge about how consumers make financial decisions.

## **OTHER MARKET DATA**

The Bureau invests in commercially vended data and gathers data from other sources. Analyses from these data resources are foundational for the Bureau’s policy work and also contribute to evidence-based market research. These data include the Bureau’s Consumer Credit Panel through which the Bureau releases the Consumer Credit Trends, which captures recent developments in consumer credit markets.

## **HMDA OPERATIONS**

The HMDA Operations budget is used to develop, maintain, and improve the HMDA Platform, the system by which financial institutions submit data to the Bureau under the Home Mortgage Disclosure Act (HMDA). In FY 2018, this platform was used by almost 6,000 financial institutions to submit data to the Bureau. This data is a key resource used by financial regulators, researchers, and industry. The Bureau administers the HMDA Platform on behalf of the Federal Financial Institutions Examinations Council (FFIEC).

## **Performance goals**

The Bureau will assess its progress on achieving objective 1.3 through the following performance goals:

### **Performance goal 1.3.1: Issue rules, where appropriate, implementing Federal consumer financial laws through a timely and inclusive process.**

The Bureau has prioritized putting in place consumer protection regulations where appropriate, including those implementing statutory requirements, in a timely and inclusive manner. Timeliness is important because it increases certainty about the rules of the road, which allows market participants to plan for a longer term. For this reason, the Bureau believes that completion of its own regulatory proposals within nine months of the close of the final public comment period is a good measure of whether it is meeting this goal.

The Regulatory Flexibility Act, as amended by SBREFA and the Dodd-Frank Act, requires the Bureau to convene a Small Business Review Panel before proposing a rule that will have a significant economic effect on a substantial number of small entities. Other public outreach efforts, such as meetings with consumers and industry stakeholders in the development of a

proposal, inform and otherwise assist the Bureau in crafting more effective rules.

## Performance measures

**Table 1.3.1.30:** Percentage of proposed rulemakings finalized or otherwise resolved within nine months of the due date for receipt of final public comments.<sup>11</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	75%	75%	75%	75%	75%	75%	75%	75%
<b>Actual</b>	78%	100%	86%	100%	88%	60%	NA	NA

**Table 1.3.1.31:** Percentage of industry Small Business Regulatory Enforcement Fairness Act (SBREFA) participants reporting positive feedback of the SBREFA process on user surveys (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

## Progress update and future action

The Bureau received approximately 1,414,000 public comments on rulemakings finalized in FY 2018. Five final rules were informed by public comment:

- In October 2017, the Bureau issued a final rule that created restrictions on certain consumer credit products, including payday, vehicle title, and certain high-cost installment loans. On January 2018, the Bureau announced that it intends to engage in a rulemaking process to reconsider the final rule. The rule has a compliance date in August 2019. The Bureau expects to issue proposed rules in the second quarter of FY 2019 that will address reconsideration of certain provisions of the rule on the merits as well as address changes to its compliance date. The notice of proposed rulemaking and request for comments on the original rule was published on July 22, 2016 and the comment period closed on October 7, 2016. The rule was not finalized or otherwise resolved within nine months of the due date for receipt of final comments, in part due to

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<sup>11</sup> This measure does not include interagency rulemakings, rulemakings inherited from the Board, and rulemakings on which the Bureau expects to do further quantitative research following the receipt of public comments.

the high volume of comments received. The Bureau received more than 1.4 million comments on the proposed rulemaking. This is the largest comment volume associated with any rulemaking in the Bureau's history. Comments were received from consumers and consumer advocacy groups, national and regional industry trade associations, industry participants, banks, credit unions, nonpartisan research and advocacy organizations, members of Congress, program managers, payment networks, payment processors, fintech companies, Tribal leaders, faith leaders and coalitions of faith leaders, and State and local government officials and agencies. The Bureau received well over 1 million comments from individuals regarding the proposed rule, often describing their own circumstances or those of others known to them in order to illustrate their views, including their perceptions of how the proposed rule might affect their personal financial situations.

- In January 2018, the Bureau issued a final rule to amend Regulation E, which implements the Electronic Fund Transfer Act, and Regulation Z, which implements the Truth in Lending Act, and the official interpretations to those regulations. This rulemaking relates to a final rule, published in the Federal Register on Nov. 22, 2016, as amended on April 25, 2017, regarding prepaid accounts. The Bureau finalized modifications to several aspects of that rule, including with respect to error resolution and limitations on liability for prepaid accounts where the financial institution has not successfully completed its consumer identification and verification process; application of the rule's credit-related provisions to digital wallets that are capable of storing funds; certain other clarifications and minor adjustments; technical corrections; and an extension of the overall effective date to April 1, 2019. The notice of proposed rulemaking and request for comments was published on June 29, 2017 and the comment period closed on August 14, 2017. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 32 comment letters from consumer advocacy groups; national and regional trade associations; members of the prepaid industry, including issuing banks and credit unions, program managers, and a digital wallet provider; a think tank; and several anonymous commenters. The Bureau also considered comments received after the comment period closed, via several ex parte

meetings and other communications.<sup>12</sup> The Bureau considered all the comments it received regarding the proposal.

- In March 2018, the Bureau issued a final rule amending certain aspects of the mortgage servicing rule issued in 2016 relating to periodic statements. These amendments revise the timing requirements for servicers transitioning between modified or unmodified periodic statements and coupon books when consumers enter or exit bankruptcy. The notice of proposed rulemaking and request for comments was published on October 18, 2017 and the comment period closed on November 17, 2017. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received ten comments, including seven from industry trade associations, two from individual consumers, and one from consumer advocacy groups and considered the comments in adopting the final rule.
- In April 2018, the Bureau issued a final rule amending federal mortgage disclosure requirements under the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA) that are implemented in Regulation Z. The amendments relate to when a creditor may compare charges paid by or imposed on the consumer to amounts disclosed on a Closing Disclosure, instead of a Loan Estimate, to determine if an estimated closing cost was disclosed in good faith. The notice of proposed rulemaking and request for comments was published on August 11, 2017, and the comment period closed on October 10, 2017. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 43 unique comments from industry commenters (including trade associations, creditors, and industry representatives), a consumer advocate group, and others.
- In August 2018, the Bureau finalized a rule proposed in July 2016 to update Regulation P to implement a December 2015 statutory amendment to the Gramm-Leach-Bliley Act. The final rule provides an exception under which financial institutions that meet certain conditions are not required to provide annual privacy notices to customers. To qualify for this exception, a financial institution must not share nonpublic personal information about customers except as described in certain statutory exceptions. In addition, the rule requires that the financial institution must not have changed its policies and practices with regard to disclosing nonpublic personal information from those that the

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<sup>12</sup> The Bureau’s Policy on Ex Parte Presentations in Rulemaking Proceedings is available at 82 FR 18687 (Apr. 21, 2017).

institution disclosed in the most recent privacy notice it sent. As part of its implementation, the Bureau amended Regulation P to provide timing requirements for delivery of annual privacy notices in the event that a financial institution that qualified for this annual notice exception later changes its policies or practices in such a way that it no longer qualifies for the exception. The Bureau is further removing the Regulation P provision that allows for use of the alternative delivery method for annual privacy notices because the Bureau believes the alternative delivery method will no longer be used in light of the annual notice exception. The notice of proposed rulemaking and request for comments was published on July 11, 2016 and the comment period closed on August 10, 2016. The Bureau received 23 comments and considered the comments in adopting the final rule. The rule was not finalized or otherwise resolved within nine months of the due date for receipt of final comments. The Bureau delayed finalization because the rule was designed largely to update the regulation to reflect a statutory amendment that had already taken effect. Given other priorities, the Bureau decided to focus on projects that had greater potential impact on Bureau stakeholders.

In addition to the rules listed above, the Bureau also issued a number of rules that were interim, procedural, or corrective and did not require notice and comment. Most of these rules consequently became effective immediately upon publication in the Federal Register or within 30 days of publication in the Federal Register and were not subject to this performance measure.

The Regulatory Flexibility Act, as amended by SBREFA and the Dodd-Frank Act, requires the Bureau to convene a Small Business Review Panel before proposing a rule that will have a significant economic effect on a substantial number of small entities. Beginning in FY 2019, the Bureau plans to gather feedback on the SBREFA process by implementing surveys of participants. There are SBREFA Panels planned for rules during FY 2019.

### **Performance goal 1.3.2:** Support industry implementation of new and existing rules.

The Bureau makes it a priority to support and assist industry's regulatory implementation efforts. For each substantive rule it issues, the Bureau provides substantial implementation support through a variety of mechanisms, including: making available on its website free-standing implementation aids, such as small entity compliance guides or other similar guides, summaries, charts, other resources; conducting webinars; engaging in outreach with financial institutions and their vendors to understand and discuss implementation challenges; and providing informal guidance to institutions.

## Performance measures

**Table 1.3.2.32:** Percentage of small entity compliance guides released or updated within 90 days of publication of the rule in the Federal Register

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						75%	75%	75%
Actual						83%	NA	NA

**Table 1.3.2.33:** Number of implementation compliance aids and tools published

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						8	15	15
Actual						25	NA	NA

**Table 1.3.2.34:** Number of internet pageviews and downloads of regulatory implementation materials and other online support materials from the Bureau's website

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						Baseline	950,000/ 220,000	TBD
Actual						918,754/ 214,754	NA	NA

**Table 1.3.2.35:** Number of written responses to informal guidance inquiries published via implementation aids (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	Baseline	TBD
Actual						NA	NA	NA

**Table 1.3.2.36:** Percentage of industry participants reporting positive feedback of implementation and guidance materials on user surveys (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	Baseline	TBD
Actual						NA	NA	NA

## Progress update and future action

For FY18, the Bureau published a number of implementation deliverables to assist industry in implementation and compliance with new and revised rules. Below are some examples.

- Regulation C (HMDA) – The Bureau published the Reportable HMDA Data Chart and Frequently Asked Questions to help facilitate compliance with Regulation C. The Bureau also published various resources to help industry to implement changes made by section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection (EGRRCP) Act. These resources include an executive summary and updates to both the Small Entity Compliance Guide and Reportable HMDA Data Chart. Together with the FFIEC, the Bureau published the 2018 edition of the HMDA Getting it Right Guide. The Bureau also worked with the FFIEC to publish data submission resources for HMDA filers and vendors on its Resources for HMDA Filers website.
- Other Mortgage-Related Rules -- The Bureau continued to support the implementation of the TILA-RESPA Integrated Disclosure Rule, which took effect in October 2015. Most recently, in May 2018, the Bureau updated the compliance guides and other implementation materials to explain changes and clarifications set forth in the April 2018 amendments to the rule. The Bureau also updated the compliance guide and coverage chart to reflect changes made to the mortgage servicing rules in March 2018.
- Prepaid Rule -- In connection with the issuance of the prepaid rule in October 2016, the Bureau published a number of resources, including a summary, a flow chart to help industry determine which financial products are subject to the prepaid rule, and two tables highlighting the changes that apply to payroll card accounts and government benefit accounts. The Bureau subsequently issued updates to the Small Entity Compliance Guide and Guide to the Short Form Disclosure for Prepaid Accounts when it issued amendments to the Prepaid rule in January 2018. The Bureau also published deliverables explaining the various effective dates associated with the rule and key changes for Payroll Card Accounts and Government Benefit Accounts.
- eRegulations -- The Bureau continues to develop and update online tools to support industry compliance efforts, including its eRegulations platform. The eRegulations platform presents regulation text and commentary in an online format that allows users to navigate easily between sections of both the regulation text and commentary, and facilitates comparisons of different versions of a regulation. In September 2018, the Bureau released a new version of the tool called Interactive Bureau Regulations. Interactive Bureau Regulations includes many of the features that were available through

eRegulations, but is based on a simpler platform that allows the Bureau to more quickly and efficiently add new and revised regulation text and commentary, keeping the tool more current. It also includes functionality that allows users to conduct searches of the available regulations, as well as reduces the cost of operating and maintaining the tool. The Bureau first launched this effort in October 2013 with the release of Regulation E. Since then, the Bureau has added Regulations B, C, D, J, K, L, M, X, Z, and DD.

In FY 2019, the Bureau will continue to publish implementation aids to assist industry with the implementation and compliance with existing rules. Additionally, the Bureau plans to issue more written guidance on the Bureau's rules in response to inquiries received from the public. In particular, the Bureau plans to pilot a system for providing written guidance to the public (e.g., FAQs or other appropriate vehicles) in response to questions of general applicability that arise through individual requests for guidance under Bureau rules. To capture satisfaction with the Bureau's implementation and guidance materials, the Bureau will gather feedback from industry by implementing new user surveys.

### **Performance goal 1.3.3: Monitor developments and trends in consumer financial markets.**

The Division of Research, Markets and Regulations (RMR) seeks to bring private sector perspective and experience to the Bureau. Through data analysis, literature reviews, onsite visits and ongoing stakeholder engagement across all consumer financial product markets, RMR works to keep Bureau staff and leadership aware of market developments and trends.

The Bureau will prioritize informing its policymaking with up-to-date market intelligence and data-driven analysis of consumer financial markets. RMR collects, develops and maintains standardized data on financial markets in order to surface financial trends, market opportunities, and emergent risks to consumers.<sup>13</sup>

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<sup>13</sup> For all of the data used for its analyses, the Bureau works to ensure that strong personal privacy protections are in place. The Bureau will generally obtain datasets in a format such that no information is directly identifiable and research/analysis products resulting from such data will use similarly de-identified information. The Bureau treats the information collected from participating persons and institutions consistently with its confidentiality regulations and all data and analyses are subject to internal Bureau legal and privacy review.

## Performance measures

**Table 1.3.3.37:** Monthly average number of consumer financial market intelligence-gathering meetings with external stakeholders<sup>14</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						80	50	50
Actual						153	NA	NA

**Table 1.3.3.38:** Percentage of consumer financial markets with intelligence-gathering meetings with external stakeholders each quarter

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						80%	80%	80%
Actual						86%	NA	NA

**Table 1.3.3.39:** Number of consumer financial markets monitored through standardized data

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						10	10	TBD
Actual						10	NA	NA

**Table 1.3.3.40:** Percentage of the five largest consumer financial markets monitored through standardized data

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						80%	80%	TBD
Actual						80%	NA	NA

<sup>14</sup> In FY 2018, this performance measure was reported as a quarterly average. In FY 2019, the Bureau has set a target and will measure based on a monthly average.

**Table 1.3.3.41:** Monthly average number of internal presentations, publications, and consultations to share market intelligence and expertise to support Bureau functions (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

### Progress update and future action

Section 1022(c) of the Dodd-Frank Act tasks the Bureau with Market Monitoring in support of its rulemaking and other functions, for risks to consumers in the offering of consumer financial products or services and developments in markets for those products and services. The Market Offices, within the RMR Division, fulfill this statutory mandate by undertaking frequent market monitoring activities, including regular engagement with industry stakeholders, data analysis, and research. The four Market Offices – Mortgage Markets; Consumer Lending, Reporting, & Collections; Cards, Payments, & Deposits; and Small Business Lending – each have an Assistant Director with executive experience in consumer financial markets. Across the four offices there are Program Managers or senior staff, each covering a distinct consumer financial market or market segment. The Assistant Directors, Program Managers and staff engage with industry and other interested stakeholders at industry convenings and through formal and informal meetings.

Monitoring functions currently cover the following products and services: auto loan servicing and originations, consumer reporting, credit cards, data aggregation, debt collection, deposits, emerging payments, money services and remittances, mortgage servicing and originations, prepaid cards, small business lending, small dollar and installment lending, and student loan servicing and originations. In FY 2018, Markets Offices staff conducted an average of 153 external engagements each quarter. The Markets Offices engagements covered a large breadth of consumer financial product markets, with staff conducting multiple engagements each quarter in nearly all markets.

During FY 2018, the Bureau updated and maintained data in the following 10 consumer financial markets: auto loan origination, auto loan servicing, consumer reporting, credit cards, debt collection, deposits, money services and remittances, mortgage originations, mortgage servicing, and student loan origination. The five largest markets based on the Bureau's market size determination are mortgage (servicing and origination), auto (servicing and origination), student loans (servicing and origination), deposits, and consumer reporting. While the Bureau

monitors all five markets through standardized data, it does not maintain and update standardized data on the student loan servicing market.

### **Performance goal 1.3.4: Make data on consumer finance markets publicly available.**

In addition to collecting, developing, and maintaining data, the Bureau releases and publishes data with respect to consumer financial markets. This enables independent researchers to conduct their own analyses of developments and trends in these markets.

**Table 1.3.4.42:** Number of new data series or sets released

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						1	1	TBD
<b>Actual</b>						2	NA	NA

**Table 1.3.4.43:** Number of Internet pageviews and downloads of Bureau data releases and publications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Baseline	70,000/ 20,000	TBD
<b>Actual</b>						67,563/ 18,457	NA	NA

### Progress update and future action

In FY 2018, the Bureau released two new data series:

- In October 2017, the Bureau announced the launch of a new Mortgage Performance Trends tool, based on National Mortgage Database (NMDB) data, which tracks delinquency rates nationwide and charts mortgage delinquency rates for 50 states and the District of Columbia. The NMDB includes information spanning the life of a mortgage loan from origination through servicing and captures a variety of borrower characteristics. It is a nationally representative sample of all outstanding, closed-end, first-lien mortgages for one-to-four family residences.
- In FY 2018, the Bureau continued the Consumer Credit Trends (CCT) series. The Consumer Credit Trends tool tracks originations for mortgages, credit cards, auto loans, and student loans. It also tracks inquiries for mortgages, credit cards, and auto loans.

For originations, the tool charts how specific groups of consumers are faring in financial markets. In September 2018, the Bureau expanded the data available through the CCT to track credit inquiries. The new data, updated monthly, provides a credit tightness index for mortgages, credit cards, and auto loans. The CCT dashboards, available on the Bureau's website, draw from a nationally representative sample of credit records maintained by one of the three nationwide consumer reporting agencies (NCRAs). The Bureau cannot control for any shift in market share between our data source and other NCRAs. Before being provided to the Bureau, the records are stripped of any information that might reveal consumers' identities, such as names, addresses, and Social Security numbers.

Additionally, in early FY 2019, the Bureau, in conjunction with Federal Housing Finance Agency (FHFA), released a new loan-level dataset derived from the National Mortgage Database and collected through the National Survey of Mortgage Originations (NSMO) that provides insights into borrowers' experiences in obtaining a residential mortgage.

The Home Mortgage Disclosure Act (HMDA) requires many financial institutions to maintain, report, and publicly disclose information about mortgages. The Bureau makes certain HMDA data available to the public and publishes various online tools for users to explore the data. The Federal Financial Institutions Examination Council (FFIEC) also makes HMDA data and other HMDA resources available to the public.

The Bureau also makes available databases about credit cards, including general credit card agreements and college credit card marketing agreements. These resources include:

- A database of credit card agreements from more than 300 card issuers
- Credit card issuers marketing agreements with universities, colleges, or affiliated organizations such as alumni associations, sororities, fraternities, and foundations
- A survey of the terms of credit card plans offered by financial institutions

Beginning in 2019, prepaid account issuers will be required to submit prepaid account agreements to the Bureau. The Bureau plans to post the agreements and other information collected to its public website for access by consumers and other interested parties.

### **Performance goal 1.3.5: Publish research relating to consumer financial markets, including consumers' decisions and outcomes in these markets.**

The Bureau conducts research on consumer decision-making, consumer financial products and

markets, and the effects of consumer financial regulations and policies. Periodically, the Bureau publishes reports of its research, including informational white papers, non-annual Reports to Congress, and “Data Point” reports.

## Performance measures

**Table 1.3.5.44:** Number of published reports and research publications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	5	5	5	6	6	6	7	TBD
<b>Actual</b>	4	9	6	9	6	10	NA	NA

**Table 1.3.5.45:** Number of Internet pageviews and downloads of published reports and research publications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Baseline	50,000/ 20,000	TBD
<b>Actual</b>						47,498/ 18,089	NA	NA

**Table 1.3.5.46:** Number of citations of Bureau reports and publications in other publications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Baseline	75	75
<b>Actual</b>						73	NA	NA

**Table 1.3.5.47:** Percentage of the research unit’s statutorily required topic areas with evidence or findings established in published reports and research publications (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	83.3%	83.3%
<b>Actual</b>						83.3%	NA	NA

## Progress update and future action

Publishing research reports and market analysis is central to the Bureau’s commitment to regulatory transparency and evidence-based policy-making. Additionally, the Bureau is

statutorily required to research, analyze, and report on six topic areas related to consumer finance.<sup>15</sup> During FY 2018, the Bureau published research in five of the six topic areas:

- Developments in markets for consumer financial products or services, including market areas of alternative consumer financial products or services with high growth rates and areas of risk to consumers;
- Access to fair and affordable credit for traditionally underserved communities;
- Consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services;
- Consumer awareness and understanding of costs, risks, and benefits of consumer financial products or services;
- Consumer behavior with respect to consumer financial products or services, including performance on mortgage loans; and
- Experiences of traditionally underserved consumers, including un-banked and under-banked consumers.

The one area in which the Bureau did not research, analyze, and report on is consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services.

RMR released the following public reports in FY 2018:

- Consumer Credit Card Market (December 2017)
- College Credit Card Agreements report (January 2018)
- Data Point: 2017 Mortgage Market Activity and Trends (May 2018)
- Data Point: Final Student Loan Payments and Broader Household Borrowing (June 2018)
- Know Before You Owe: Mortgage Shopping data (May 2018)

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<sup>15</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Dodd-Frank 1013(b)

- Data Point: The Geography of Credit Invisibility (Sept. 2018)

In FY 2018, RMR launched a regular series of reports identifying trends in the consumer credit markets, using the data in the Bureau's Consumer Credit Panel. The following are the four publications for FY 2018:

- Quarterly Consumer Credit Trends: Public Records (February 2018)
- Quarterly Consumer Credit Trends: Growth in Longer Term Auto Loans (November 2017)
- Quarterly Consumer Credit Trends: End-of-year Credit Card Borrowing (June 2018)
- Quarterly Consumer Credit Trends: Telecommunications Debt Collection (August 2018)

In FY 2018, the Bureau introduced new performance measures: the number of Internet pageviews and downloads and the number of citations of Bureau research in other academic or scholarly publications. The most frequently viewed Bureau report in FY 2018 was the Data Point on 2017 mortgage market activity and trends. The report was the first in an annual series of Data Points describing mortgage market activity over time based on data reported under the Home Mortgage Disclosure Act (HMDA). It summarized the 2017 HMDA data and recent trends in mortgage and housing markets.

In addition to publishing its own research, in May 2018, the Bureau sponsored its third research conference at which papers on topics in consumer finance selected by an outside technical review panel were presented and discussed. The goal of the conference was to highlight research on the topic of consumer finance that can inform researchers and policymakers. The conference focused on high-quality consumer finance research, with academic and government researchers presenting their research papers.

## **Performance goal 1.3.6:** Expand the Bureau's geographical footprint through stakeholder engagements and partnerships.

The Bureau aims to engage with the public on consumer finance issues to ensure the Bureau's work is transparent and that the Bureau is informed by representative viewpoints and information. Additionally, the Bureau continues its desire to expand its presence across various regions in order to establish awareness of the Bureau's resources and policy making initiatives.

### **Performance measures**

**Table 1.3.6.48:** Number of Bureau visits to states with corresponding public events and stakeholder engagements<sup>16</sup> (meetings/roundtables, public events, i.e., field hearings, town halls, listening sessions, stakeholder calls, and other informal stakeholder activity) (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	12	12
<b>Actual</b>						NA	NA	NA

**Table 1.3.6.49:** Number of stakeholder events and engagements from various geographies (1 per quarter) (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	4	4
<b>Actual</b>						NA	NA	NA

**Table 1.3.6.50:** Number of partnerships established with the Bureau resulting from stakeholder engagements (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	2	2
<b>Actual</b>						NA	NA	NA

<sup>16</sup> In FY 2018, the total number of engagements across offices = 769.

## Progress update and future action

Since adoption of these new goals and measures, the Bureau is now more focused on ensuring that stakeholder engagement opportunities also support these goals. The Bureau's External Affairs (EA) division has continued to organize Town Hall meetings in various parts of the country, continued executing the Bureau's Rural Outreach strategy, and ensured that the Bureau continues to receive input from stakeholders across the country. During the first quarter of FY 2019, the Bureau has already demonstrated progress towards this goal.

On October 18, 2018, the Bureau hosted a Town Hall in Baton Rouge, LA on the topic of Preventing Elder Financial Abuse, featuring Acting Director Mick Mulvaney and LA Attorney General Jeff Landry. The Town Hall allowed the Bureau to partner with a local stakeholder to share information with the public about a topic key to the Bureau's mission. The Bureau hosted a series of Director-level listening sessions with representatives from across the country in mid-January and is planning to continue this listening session through March 2019.

### **Performance goal 1.3.7: Inform Bureau's leadership and subject matter experts of significant stakeholder feedback/perspective and identify emerging trends.**

The Bureau aims to ensure that stakeholder engagements and interactions yield relevant and meaningful feedback and information.

#### Performance measures

**Table 1.3.7.51:** Number of emerging trends (topic areas that indicate growing interest or utility) identified by Bureau stakeholders or noted across EA stakeholder offices (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>							Baseline	TBD
<b>Actual</b>							NA	NA

## Progress update and future action

Following the approval of these new goals and measures, the EA stakeholder offices were asked to regularly capture topics identified by stakeholders that could amount to emerging trends. Though this is something that the Bureau has done organically over the years, the division now

plans to formally track and review topics noted by the EA offices on a quarterly basis. EA will then determine if a topic or series of topics rise to the level of emerging trends and make a determination as to how and when to inform Bureau subject matter experts and leadership appropriately.

### **Performance goal 1.3.8: Manage routine and high-level complex Bureau relationships with external stakeholders.**

The Bureau aims to effectively manage its diverse and sometimes complex stakeholder landscape such that external stakeholder interactions are appropriate, substantive, and timely.

#### **Performance measures**

**Table 1.3.8.52:** Number of stakeholder engagements that include Bureau leadership and subject matter experts (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target							500	500
Actual							NA	NA

**Table 1.3.8.53:** Number and variation in kind of EA-facilitated engagements between Bureau officials and external stakeholders (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target							12	12
Actual							NA	NA

**Table 1.3.5.54:** Number of field hearings/town halls (1 per quarter) External affairs-organized to facilitate dialogue between Bureau officials and the public (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target							4	4
Actual							NA	NA

#### **Progress update and future action**

The Bureau hosted a Town Hall on October 18, 2018, in Baton Rouge, LA featuring Acting

Director Mick Mulvaney. The Bureau is currently planning a Town Hall on January 31, 2019 in Palm Desert, CA that will feature Bureau subject matter experts. The Bureau is tentatively planning a Town Hall in March 2019 in Florida, which may feature Director Kathy Kraninger, details pending. EA will offer recommendations on how best to engage the Bureau's stakeholders in meetings, roundtables, town halls, and formal remarks at conferences and events.

Separate from these specific engagements, EA continues to manage the stakeholder landscape to help identify risks to and opportunities for the Bureau. EA will formally track the opportunities; some examples of opportunities identified to date include the Bureau's work with the states' attorneys general to develop new community networks to ensure on ground distribution and utilization of the Bureau's financial education tools.

### **Performance goal 1.3.9: Meet statutorily required engagements.**

The Bureau aims to intentionally monitor its compliance with relevant statutory requirements.

#### **Performance measures**

**Table 1.3.9.55:** Percentage of meeting requirements with the Bureau's advisory committees met (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target							100%	100%
Actual							NA	NA

**Table 1.3.9.56:** Number of public reports on actions by the Bureau's advisory committees (i.e. in-person meeting summaries, GSA's Annual Comprehensive Review, etc.) (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target							Baseline	TBD
Actual							TBD	NA

#### **Progress update and future action**

On September 27, 2018, the Bureau held a successful first meeting with its advisory committees and new members. In FY 2019, the Bureau hosted the Bureau's Consumer Advisory Board (CAB) via conference call on December 4, 2018, featuring remarks by Acting Director Mick Mulvaney and Acting Deputy Director Brian Johnson. On December 7, 2018, EA facilitated the

timely delivery of the Bureau's Fair Lending Annual Report to Congress. The Bureau plans to host the next in-person CAB meeting in Washington, DC on March 13-14, 2019, followed by a CAB conference call on June 6, 2019.

# Goal 2. Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.<sup>17</sup>

Budget for Goal 2, by program (*\$ in the millions*)

Goal 2	2018	2019	2020
Office of the Director	0.0	0.0	0.0
Operations	0.0	0.0	0.0
Consumer Education, and Engagement	2.4	2.8	3.0
Research, Markets, and Regulation	0.0	0.0	0.0
Supervision, Enforcement, and Fair Lending	162.0	148.1	145.0
Legal	3.8	4.0	4.1
External Affairs	1.5	1.7	1.7
Other Programs	1.1	1.6	1.7
Centralized Services	62.4	61.2	52.6
<b>Total</b>	<b>\$233.2</b>	<b>\$219.4</b>	<b>\$208.1</b>

It is not enough simply to ensure that consumers have access to markets for consumer financial products and services. Equally important, those markets must be fair, transparent and competitive. Through the regulations it writes to implement federal consumer financial law and

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<sup>17</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(a).

its activities to promote compliance with those laws, the Bureau is focused and is equipped to prevent financial harm to consumers resulting from unfair, opaque, or noncompetitive acts by market participants. The Bureau's aim is to promote practices that benefit consumers, responsible providers, and the economy as a whole.

An important objective of the Dodd-Frank Act is to ensure that Federal consumer financial law is enforced consistently without regard to whether a financial service provider is a bank or nonbank. Toward that end, the Dodd-Frank Act gives the Bureau the authority to supervise and examine many nonbank financial service providers such as mortgage companies, payday lenders, private education lenders, and larger participants in other markets as defined by rules issued by the Bureau. Industry structure is always changing, and therefore, so too will the number of institutions that fall under the Bureau's supervisory authority.

The Bureau will attain its second goal by achieving the following objectives:

1. **Objective 2.1:** Protect consumers from unfair, deceptive, or abusive acts and practices and from discrimination.
2. **Objective 2.2:** Enforce federal consumer financial law consistently, without regard to the status of a person as a depository institution, in order to promote fair competition.

Financial institutions subject to the bureau's supervisory authority for consumer financial protection purposes

<b>Large depository institutions, credit unions &amp; their affiliates</b>	<b>Certain non-bank institutions</b>
Representing over \$10 trillion in assets (~75% of total industry)	Including companies engaged in mortgage lending, brokering, and servicing; payday lenders; private education lenders; and select nonbanks defined as larger participants by the Bureau

Note: Data as of June 30, 2018.

# Objective 2.1

*Protect consumers from unfair, deceptive, or abusive acts and practices and from discrimination.<sup>18</sup>*

**Objective leaders:** Associate Director, Supervision, Enforcement, and Fair Lending; Associate Director, Consumer Education and Engagement; Associate Director, Office of Equal Opportunity and Fairness

## Strategies and investments

The following strategies have been put in place to help the Bureau achieve objective 2.1.

### Strategies

- Enhance compliance with federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities, and promote fair lending compliance and education.
- Strengthen prevention and response to elder financial exploitation.

In addition to executing the strategies described above, the Bureau will execute the strategies in objective 2.2 to protect consumers from discrimination and unfair, deceptive, or abusive acts and practices.

### Investments

The following investments will help the Bureau achieve both objectives 2.1 and 2.2.

### PERSONNEL

Continue to maintain staff to allow the Bureau to implement and enforce Federal consumer financial laws consistently for both bank and non-bank consumer financial companies; investigate and take actions to address potential violations of Federal consumer financial laws; and analyze available data on the activities of providers, on the markets in which they operate,

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<sup>18</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(2).

and on the risks to consumers. Maintain strong, expert staff to develop and implement financial education and community partnerships to strengthen prevention and response to elder financial exploitation.

## **SUPERVISION AND ENFORCEMENT TOOLS**

Maintain and increase capacity of electronic tools that obtain, process, and analyze evidence received in enforcement investigations, enabling the Bureau to bring enforcement actions to address violations of Federal consumer financial laws more efficiently.

### **SUPERVISION COMPLIANCE TOOL**

Automate data analysis in order to review loan files more thoroughly, use supervision resources more efficiently, and streamline the on-site portion of the exam. This tool helps improve the CFPB's ability to assess compliance with Federal consumer financial laws, and assess and detect risks to consumers.

### **E-LAW TOOLS AND SUPPORT**

Maintain and increase capacity of electronic tools that obtain, process, and analyze evidence received in enforcement investigations, enabling the CFPB to bring enforcement actions to address violations of Federal consumer financial laws more efficiently.

### **SUPERVISION EXAMINATION SYSTEM**

The CFPB developed the Supervision and Examination System (SES), its system of record for supervision work. The SES organizes entities by IPL, captures relationships between entities, schedules examinations, supports supervisory workflows, and document the supervision process.

### **EXAMINER COMMISSIONING TRAINING PROGRAM**

The examiner commissioning program (ECP) establishes transparent criteria and a training plan that will provide every examiner the opportunity to pursue their commissioning. Successful completion of the ECP is a significant milestone in an examiner's career, signifying an examiner's attainment of the broad-based technical expertise, knowledge, skills, and tools necessary to perform the duties of a commissioned examiner.

## **LITIGATION SUPPORT**

Employ standard investigatory tools to compel documents and testimony and to seek injunctive and monetary remedies through civil actions or administrative proceedings. These functions require the use of services such as expert witnesses, court reporters, and transcription services.

## **SUPERVISION AND ENFORCEMENT TRAINING & TRAVEL**

Continue supporting the development and delivery of training courses essential to maintaining a highly effective workforce. In addition, support the travel requirements of supervision and enforcement work.

## **SPECIAL POPULATIONS PROGRAMS**

Continue to develop and distribute financial education, tools, action steps, and skill building opportunities to strengthen prevention and response to elder financial exploitation. Topics include age-friendly banking recommendations to banks and credit unions, assistance to local stakeholders creating elder fraud prevention and response networks, and educational initiatives.

## **Performance goals**

The Bureau will assess the progress on achieving objective 2.1 through the following performance goals:

**Performance goal 2.1.1:** Promote fair lending compliance and education by leading and participating in fair lending outreach activities regarding fair lending compliance, access to credit issues, or financial product or services innovation.

As one of its core functions, the Office of Fair Lending and Equal Opportunity is responsible for “working with private industry, fair lending, civil rights, and consumer and community advocates on the promotion of fair lending compliance and education” (Dodd-Frank Act, Section 1013(c)(2)(C)). The Bureau conducts fair lending outreach activities through numerous channels, such as issuing compliance bulletins targeted to industry; publishing blog posts, brochures and reports regarding fair lending issues; delivering speeches and presentations on fair lending and access to credit matters to industry, consumer and community groups, and others; and participating in smaller meetings and discussions with external stakeholders.

## Performance measure

**Table 2.1.1.57:** Number of outreach events where the Bureau staff work directly with stakeholders to (1) educate them about fair lending compliance and access to credit issues or (2) hear their views on the Bureau's work to inform the bureau's policy decisions.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	55	35	40	40	40	40	40	40
<b>Actual</b>	56	66	60	57	60	24	NA	NA

## Progress update and future action

In FY 2018, the Office of Fair Lending and Equal Opportunity led and participated in 24 fair lending outreach activities. The number of outreach activities missed the FY 2018 target for a number of reasons, including diverting resources to focus on leadership transition, reconsidering taking a more measured approach to accepting events to ensure speakers were reflecting current priorities, and receiving fewer invitations in the summer.

The Bureau communicated with various stakeholders through speeches, panel remarks, presentations, webinars, blogs, reports, brochures, and smaller discussions on fair lending matters. The Bureau engaged with consumers through listening events, roundtables, the Fair Lending annual report, the Bureau's website, consumerfinance.gov, and through a symposium on exploring challenges many consumers face in accessing credit.

## Performance goal 2.1.2: Enhance protection of older Americans from elder financial exploitation

To improve financial protections for older Americans, the Bureau works with service providers to older adults, financial institutions, law enforcement, nonprofits, and federal, state, and local government agencies that interact with older adults and their families. Major initiatives include age-friendly banking recommendations to banks and credit unions and assistance to local leaders creating elder fraud prevention and response networks.

## Performance measures

**Table 2.1.2.58:** Number of communities supported to create or enhance networks to protect from and address cases of elder financial exploitation (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						4	4	4
Actual						7	NA	NA

**Table 2.1.2.59:** Distribution of recommendations about age-friendly account features for financial institutions to consider

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	1,000	500
Actual						2,000	2,101	NA

## Progress update and future action

The Bureau continues to encourage financial institutions to adopt age-friendly banking practices. Following the FY 2016 release of a comprehensive set of voluntary recommendations for banks and credit unions, the Bureau has distributed over 3,000 print materials on age-friendly banking and engaged over 600 financial institutions to encourage innovative banking products and services to protect older account holders. In FY 2018, the Bureau targeted 1,000 downloads of recommendations by financial institutions. In FY 2017 and FY 2018, the Bureau convened stakeholders in Gainesville, Florida; Muskogee, Oklahoma; and Crossville, Tennessee, to build networks for prevention of and response to elder financial exploitation. In FY 2019, the Bureau will continue working with community first responders and stakeholders to build or enhance existing community networks, and continue to distribute materials on financial protections for older Americans.

# Objective 2.2

*Enforce federal consumer financial law consistently, without regard to the status of a person as a depository institution, in order to promote fair competition.*<sup>19</sup>

**Objective leader:** Associate Director, Supervision, Enforcement, and Fair Lending

## Strategies and investments

The following strategies have been put in place to help the Bureau achieve objective 2.2.

### Strategies

- Acquire and analyze qualitative and quantitative information and data pertaining to consumer financial products, service markets, and companies.
- Focus supervision and enforcement resources on institutions and their product lines that pose the greatest risks to consumers based on the nature of the product, field and market intelligence, and the size of the institution and product line.
- As appropriate, share information, coordinate activity, and promote best practices with fellow supervisory and law enforcement agencies to ensure the most effective use of regulatory resources.
- Promote development and enhancement of technology solutions to ensure compliance with Federal consumer financial laws including technology solutions for coordinating supervisory information capable of recording, storing, tracking, and reporting information on the Bureau's supervisory process.
- Enhance internal policies that facilitate the integration of the Bureau's supervision and enforcement functions.

### Investments

The investments discussed under objective 2.1 also relate to objective 2.2 since the Bureau is executing the strategies described above for both objectives 2.1 and 2.2.

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<sup>19</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(4).

## Performance goals

The Bureau will assess the progress on achieving objective 2.2 through the following performance goals:

### **Performance goal 2.2.1: Effectively initiate supervisory events at financial services institutions under the Bureau's jurisdiction to determine compliance with Federal consumer financial laws.**

The Bureau has supervisory authority over banks, thrifts, and credit unions with over \$10 billion in assets and their affiliates (collectively “banks”) and over non-bank institutions (“non-banks”), regardless of size, in certain specific markets: mortgage companies (originators, brokers, servicers, and providers of loan modification or foreclosure relief services); private education lenders; and payday lenders. The Bureau also has supervisory authority over larger participants in other non-bank markets as the Bureau defines by rule. To date, the Bureau has issued six rules defining larger participants in the following markets: consumer reporting (effective September 2012), consumer debt collection (effective January 2013), student loan servicing (effective March 2014), international money transfers (effective December 2014), automobile financing (effective August 2015), and prepaid (effective April 2019). Supervisory activities foster compliance with Federal consumer financial laws and promote a fair consumer financial marketplace.

## Performance measures

**Table 2.2.1.60:** Number of on-site supervision exams or reviews with an on-site date during the period, including fair lending (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

**Table 2.2.1.61:** Number of all supervisory events with significant activity with an on-site date or equivalent date during the period, including fair lending. (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

## **Progress update and future action**

In FY 2018, the Bureau continued implementing its supervision program, going on site and initiating 150 supervisory activities at large banks and non-bank financial institutions. Examination activities generally focused on one of the following institution product lines (IPLs) or a baseline compliance management system:

- Automobile finance origination;
- Automobile finance servicing;
- Consumer reporting;
- Credit card account management;
- Debt collection;
- Deposits;
- Mortgage origination;
- Mortgage servicing;
- Remittance transfer;
- Short term, small dollar lending;
- Small business lending;
- Student loan origination; and
- Student loan servicing.

The Bureau also engaged in direct examination of certain service providers and conducted a horizontal review of sales practices at certain banks.

The exam schedule for FY 2018 was informed by strategic priorities for all areas of compliance, including fair lending, taking into account risk assessments across markets and for each institution.

The Bureau expanded its Supervision and Examination Manual in FY 2018 by adding or revising examination procedures for:

### **Examination Process (August 2018)**

Truth in Lending Act (TILA) (March 2018)

Real Estate Settlement Procedures Act (March 2018)

The Bureau also updated the Examination Scope Summary template in the Examination Process section of the *Supervision and Examination Manual* in August 2018.

The Bureau continues to coordinate with applicable Federal and state regulators on supervisory activities to minimize regulatory burden, leverage resources, and decrease the risk of conflicting supervisory directives. To facilitate this coordination, the Bureau has memoranda of understanding with, among others, the Federal prudential regulators, the Federal Trade Commission, and over sixty state bank and non-bank supervisory agencies. In addition, the Bureau has a framework with state financial agencies that establishes a dynamic and flexible process for coordination on supervision and enforcement matters.

In FY 2017 the Bureau launched the new Supervision and Examination System (SES) which stores supervisory tracking data and exam documentation. The new system provides a platform to expand the capabilities of the legacy application, particularly in the areas of document management, staff scheduling, contact management, reporting, and activity updates critical to the examination process. Development continued through FY 2018.

### **Performance goal 2.2.2: Issue examination reports or letters within the Bureau's established time periods following the close of examinations.**

Effective supervision of financial institutions to foster compliance with Federal consumer financial laws requires prompt notice to institutions of matters requiring their attention and action to avoid further violations or consumer harm. A thorough report development and review process ensures high-quality reports that appropriately explain what the examination team found and why corrective actions, if any, are expected.

#### **Performance measures**

**Table 2.2.2.62:** Issue examination reports or letters within the Bureau's established time periods following the finalization of exam analysis

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	Baseline	50%	60%	60%	60%	70%	70%	70%
<b>Actual</b>	15%	25%	28%	70%	71%	45%	NA	NA

**Table 2.2.2.63:** Average number of Business days to issue a supervisory letter or examination report following the finalization of exam analysis

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						60	60	60
<b>Actual</b>						67	NA	NA

### Progress update and future action

The Bureau will focus on issuing high-quality examination reports and supervisory letters in a timely manner. Supervision will monitor and assess the quality and the timeliness of examination reports and supervisory letters issued. During FY 2018, due to transition-related reviews, as well as Action Review Committee (ARC) process adjustments, the timeliness metrics declined.

The Bureau will review and analyze its processes to determine methods for improvement and increased effectiveness and efficiency. The Bureau intends to be transparent about the goals of its supervision program and the steps being taken to achieve those goals, while protecting the confidentiality of the underlying financial institution-specific information.

### **Performance goal 2.2.3: Assess quality of examination reports and supervisory letters.**

Ensuring high-quality examination reports and supervisory letters remains an area of focus for the Bureau, and Supervision will continue to monitor and assess the quality of the reports that are issued.

### Performance measure

**Table 2.2.3.64:** Number of outreach events (RFI or industry roundtable) to discuss quality of examination reports and supervisory letters

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						1	1	1
<b>Actual</b>						4	NA	NA

### Progress update and future action

During FY 2018, in addition to other outreach events, the Bureau issued a “Call for Evidence,”

consisting of a series of 12 Requests for Information (RFI) published in the Federal Register over approximately three months. One of those RFIs pertained to the general supervisory process. The RFI sought comments and information from the public to assist the Bureau in assessing its Supervision processes, in general, and considering whether specific changes to Bureau processes would be appropriate. Respondents could reply with any feedback on the supervisory process, including the quality of examination reports and supervisory letters. The RFI provided an opportunity for the public to submit both general feedback and specific suggestions for changes or improvements to Bureau Supervision processes. The Bureau is in the process of reviewing the responses from the RFIs.

Since May 2016, Supervision has been using revised templates for supervisory letters and examination reports. The revised templates are designed to streamline the report writing process without losing key content that is communicated to supervised entities.

#### **Performance goal 2.2.4:** Supervisory matters requiring attention addressed by the entity by the prescribed timeframe.

The Bureau monitors institutions that receive notice of matters requiring attention to ensure that corrective actions are taken within the prescribed timeframe in response to supervisory activities, which fosters compliance with Federal consumer financial laws and promotes a fair consumer financial marketplace.

#### Performance measure

**Table 2.2.4.65:** Percentage of supervisory matters requiring attention reported complete by the entity in the prescribed timeframe in response to supervisory events (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target					NA	90%	TBD	
Actual					92%	NA	NA	

#### Progress update and future action

The Bureau continues to work on allotting more realistic and reasonable timeframes for supervised institutions to correct matters requiring attention. Regions placed further emphasis on timeframe follow-up to ensure supervised institutions complied with prescribed deadlines. The Bureau continues to conduct on-site reviews of particular issues or actions that may require independent validation.

**Performance goal 2.2.5:** Cooperate and share information with partners in local, state, and federal law enforcement as part of efforts to protect consumers and deter wrongdoers.

This indicator ensures that the Bureau works well with its partners at the local, state, and federal level to share information across jurisdictions, subject to applicable legal restrictions, and to make the best use of limited resources.

### Performance measure

**Table 2.2.5.66:** Percent of investigative information shared with partners within 30 days, once the information sharing is approved by Legal (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target					NA	90%	90%	
Actual					NA*	NA	NA	

*\*ENF has not tracked this measure in the past and will commence tracking it in FY 2019.*

### Progress update and future action

The Bureau continues to cultivate strong working relationships with its partners at federal, state, and local regulatory and law enforcement agencies. In May 2013, the Bureau entered into a framework with state financial regulatory authorities that established a more dynamic and flexible process for coordination on supervision and enforcement matters. Since opening its doors in July 2011, the Bureau has signed more than 60 information-sharing MOUs with federal, state, and local governmental agencies.

In the past fiscal year, the Bureau shared investigative information with more than 26 different government agencies in 68 instances. The Bureau will continue to coordinate with its partners in its efforts to protect consumers, while also appropriately protecting confidential information relating to consumers and businesses.

**Performance goal 2.2.6:** Cooperate and share information with federal and state partners as part of Supervision efforts to protect consumers and deter wrongdoers.

This goal ensures that the Bureau works with its partners at the local, state, and federal level to

share information across jurisdictions—subject to the Bureau’s regulations, policies on information sharing, and other legal restrictions—and to make the best use of limited resources.

## Performance measure

**Table 2.2.6.67:** Percent of examination calendar shared within the prescribed the timeframe for each year with prudential and state regulators to invite coordination on exam activities (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	100%	100%
Actual						100%	NA	NA

**Table 2.2.6.68:** Percentage of exam reports shared with other regulators, as appropriate

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						90%	90%	90%
Actual						100%	NA	NA

**Table 2.2.6.69:** Contribute to FFIEC issuances by maintaining Bureau representatives on all relevant FFIEC task forces and working groups

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						100%	100%	100%
Actual						100%	NA	NA

## Progress update and future action

Under the Dodd-Frank Act, the Bureau is required to coordinate its supervisory work with various other regulators at both the State and the Federal level, to the extent possible. The Bureau makes it a priority to share information about its supervisory activity and coordinate its work with other regulators, when possible. The above metrics will continue to ensure that this remains a focus for the Bureau going forward.

**Performance goal 2.2.7:** Where the Bureau determines enforcement action is warranted, file or settle action within two years of opening its investigation.

Filing enforcement actions in a timely manner is an important measure of the Bureau's effectiveness, as it increases deterrence and provides consumers with greater protections of law. The Bureau will continue to work to balance the need to effectively pursue complicated and time-consuming cases while minimizing any unnecessary delay between conduct and resolution.

**Performance measure**

**Table 2.2.7.70:** Percentage of enforcement actions filed or settled within two years of the investigation opening

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	Baseline	Baseline	65%	65%	65%	65%	65%	65%
<b>Actual</b>	Baseline	75%	70%	42%	60%	62%	NA	NA

**Table 2.2.7.71:** Average duration, in months, to file or settle investigations (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>					NA	24	24	24
<b>Actual</b>					23	26	NA	NA

**Progress update and future action**

After the Bureau determines that enforcement action is warranted, Bureau staff review each matter at regular intervals to ensure that it is progressing in a timely manner. The Bureau's experience so far and the experience of other similar enforcement agencies informed the selection of the target timeframe. The Bureau will, however, continue to monitor this target to assess whether it is an appropriate way to measure the Bureau's performance going forward.

**Performance goal 2.2.8:** Successfully resolve the enforcement cases the Bureau files in court and administrative adjudicative proceedings whether by litigation, settlement, issuance of a default judgment, or other means.

This measure ensures that the Bureau successfully resolves as many actions as possible while, at the same time, pursuing complex and challenging actions when appropriate, even when success is not assured.

## Performance measure

**Table 2.2.8.72:** Percentage of all cases, including fair lending, concluded by the Bureau's enforcement personnel that were successfully resolved through litigation, a settlement, issuance of a default judgment (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	75%	75%
<b>Actual</b>						88%	NA	NA

## Progress update and future action

During FY 2018, the Bureau resolved 88% of its matters through litigation, a settlement, issuance of default judgment, or other means. These actions resulted in restitution, principal reductions, cancelled debt, and other consumer relief. Some of the Bureau's actions also resulted in civil penalties, which are paid to the Bureau's Civil Penalty Fund, and used to compensate victims of the activities for which civil penalties have been imposed.

## **Performance goal 2.2.9:** Promote transparency about compliance expectations to ensure consistent adoption and fair competition.

The Bureau will continue to publish Supervisory Highlights to share findings from recent examinations, along with remedies obtained. These findings are communicated without identifying specific institutions, except for enforcement actions already made public. The purpose of this publication is to provide the public information about supervisory expectations and compliance problems found in examinations so that industry can meet those expectations and improve compliance as needed.

## Performance measure

**Table 2.2.9.73:** Number of written communications about compliance expectations

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	3	3
<b>Actual</b>						4	1	NA

## Progress update and future action

The Bureau published one edition of *Supervisory Highlights* in FY 2018.

Summer 2018 (Issue 17) – September 2018: This issue of *Supervisory Highlights* covered Bureau supervision activities generally completed between December 2017 and May 2018, and focused on auto loan servicing, credit card account management, debt collection, mortgage servicing, payday lending, and for the first time, small business lending. This issue of *Supervisory Highlights* also discussed recent rules and guidance, including those related to Mortgage Servicing, TILA-RESPA, and HMDA implementation and data submission.

# Goal 3. Foster operational excellence through efficient and effective processes, governance and security of resources and information

Budget for Goal 3, by program (*\$ in the millions*)

Goal 3	2018	2019	2020
Office of the Director	8.1	11.0	10.8
Operations	56.9	56.5	56.3
Consumer Education, and Engagement	0.0	0.0	0.0
Research, Markets, and Regulation	0.0	0.0	0.0
Supervision, Enforcement, and Fair Lending	0.0	0.0	0.0
Legal	7.7	8.1	8.3
External Affairs	2.3	2.5	2.6
Other Programs	1.5	1.6	1.6
Centralized Services	69.0	67.7	54.9
<b>Total</b>	<b>\$145.5</b>	<b>\$147.4</b>	<b>\$134.5</b>

The Bureau will review or revise its programs, policies and processes that support and govern its internal operations to achieve its consumer protection mission and strategic goals. Achieving operational excellence requires the Bureau to mature and adapt policies, processes, tools, and controls to operate more efficiently, effectively, and transparently. To accomplish its mission, the Bureau needs to maintain a sustainable, high performing, diverse, inclusive, and engaged workforce. By identifying and adopting leading practices to select, develop and retain employees, the Bureau can ensure that its workforce has the experience and skills needed to realize the strategic goals.

The Bureau is committed to being a responsible steward of resources, which is critical to

maintaining the public trust that enables the Bureau to achieve its mission. This includes having adequate information security safeguards to protect the Bureau's assets and information, robust internal controls, and disciplined financial management practices. To foster accountability, the Bureau will monitor and conduct periodic evaluations of operations to ensure effective management of resources and risk. This entails looking for opportunities to be more efficient and effective through innovative technology, adoption of an enterprise risk management program, identification of budget savings, and execution of process improvement activities.

The Bureau will attain its third goal by achieving the following objectives:

1. **Objective 3.1:** Safeguard the Bureau's information and systems.
2. **Objective 3.2:** Maintain a talented, diverse, inclusive and engaged workforce.
3. **Objective 3.3:** Manage risk and promote accountability within the Bureau.

## Objective 3.1

*Safeguard the Bureau's information and systems.*

**Objective leader:** Chief Operating Officer, Operations

### Strategies and investments

The following strategies and investments have been put in place to help the Bureau achieve objective 3.1.

#### Strategies

- Mature and continue to maintain a responsive cybersecurity program that facilitates secure information management and strategic decision-making.
- Align the Bureau's information technology investments with federal security standards and priorities, and industry-leading practices.

## Investments

### **PERSONNEL/TRAINING**

The Bureau has invested in a training platform that will help Cybersecurity staff obtain specialized technical training geared to enhancing security responsibilities in emerging areas such as oversight of cloud computing solutions. Additionally, all Bureau staff will be educated on Cybersecurity best practices as the Bureau’s Phishing Awareness and Insider Threat Programs are implemented broadly.

### **CLOUD INFRASTRUCTURE AND SERVICES**

The Bureau will continue investing in cybersecurity cloud capabilities incorporating principles of “never trust — always verify”. These include capabilities to authenticate and identify users of cloud computing services, monitor sensitive data repositories, analyze application and account behavior patterns, and leverage security services embedded in our cloud computing service providers.

### **CYBERSECURITY**

Continue to enhance a robust cybersecurity program that secures and safeguards communications, data, and IT resources through a combination of comprehensive policies, continuous monitoring, and leading technologies.

#### **Performance goal**

The Bureau will assess the progress on achieving objective 3.1 through the following performance goal:

#### **Performance goal 3.1.1: Improve comprehensive cybersecurity protection of Bureau information and resources.**

Information security continues to be a key risk in the federal government due to the advanced persistent threat to information technology (IT) infrastructures. As such, the Bureau must consistently seek to ensure its cybersecurity program evolves accordingly.

## Performance measures

**Table 3.1.1.74:** Mitigate critical and high Plan of Action & Milestones (POA&M) from 2018 Third-Party Cyber Assessment (% mitigated)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						50%	80%	100%
Actual						100%	NA	NA

**Table 3.1.1.75:** Percentage of endpoints analyzed in the annual Cybersecurity Compromise Assessment that are validated clean (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	95%	99%
Actual						NA	NA	NA

**Table 3.1.1.76:** Percentage of users susceptible to phishing attacks (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	<7% of users tested	<5% of users tested
Actual						NA	NA	NA

**Table 3.1.1.77:** Percentage of Plan of Actions & Milestones (POA&Ms) that are resolved within 6 months of identification (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						NA	75%	90%
Actual						NA	NA	NA

**Table 3.1.1.78:** Achieve OIG Maturity Model ratings of Level 4 (Managed & Measurable) across multiple Cybersecurity Framework areas (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	2 of 5 Areas	3 of 5 Areas
<b>Actual</b>						NA	NA	NA

## Progress update and future action

The Bureau has taken several steps to enhance its cybersecurity program including implementing an information security continuous monitoring program consistent with federal requirements. In FY 2018, the Bureau completed a Risk and Vulnerability Assessment (RVA) to proactively identify security vulnerabilities and initiate any required mitigating actions in which a third party attempted to gain unauthorized access to Bureau IT systems. The RVA concluded with no “critical” findings, two “high” findings, one “medium” finding, and two recommendations. All findings have been remediated and all recommendations have been implemented. In FY 2019 and beyond, the Bureau will enhance its monitoring system and data management processes to better track the Bureau’s IT assets. The Bureau will also conduct another RVA to ensure Bureau systems are proactively protected from ongoing cybersecurity threats.

## Objective 3.2

*Maintain a talented, diverse, inclusive and engaged workforce.*

**Objective leaders:** Chief Operating Officer, Operations; Director, Office of Equal Opportunity and Fairness

### Strategies and investments

The following strategies and investments have been put in place to help the Bureau achieve objective 3.2.

#### Strategies

- Establish and maintain human capital policies and programs to help the agency effectively and efficiently manage a talented, diverse, and inclusive workforce.

- Offer learning and development opportunities that foster a climate of professional growth and continuous improvement.
- Develop human capital processes, tools, and technologies that continue to support the maturation of the Bureau and the effectiveness of human resource operations.
- Build a positive work environment that engages employees and enables them to continue doing their best work.
- Leverage equal employment opportunity (EEO) compliance and training along with diversity and inclusion, fair lending, and disability and accessibility programs to increase efficiency and impact while minimizing duplication.

## Investments

### **PERSONNEL**

Continue to maintain capacity across the Bureau by retaining high performing, diverse employees.

### **HUMAN CAPITAL SHARED SERVICES, INFRASTRUCTURE, AND OPERATIONS**

Continue to provide a variety of services, including pay and leave administration support; employee benefits administration and support; and human capital helpdesk and reporting support for timekeeping, personnel documentation, and performance management systems.

### **LEARNING, LEADERSHIP, AND ORGANIZATION DEVELOPMENT FACILITATION AND DESIGN**

Support the development of high-quality learning solutions including core competency training, various management trainings, EEO and diversity and inclusion training, and leadership coaching and organization development services. Support the improvement of organizational and group effectiveness through workforce planning, and group or team action planning support.

### **LEVERAGE DIVERSITY AND INCLUSION, EQUAL OPPORTUNITY COMPLIANCE AND FAIR LENDING**

Foster a positive, diverse, and inclusive workplace by providing advice to senior leaders on innovative diversity and inclusion practices for employees, consumers, and regulated entities as well as equal employment best practices supporting the Bureau's mission.

## Performance goals

The Bureau will assess the progress on achieving objective 3.2 through the following performance goals:

**Performance goal 3.2.1:** Maintain high-performing, diverse employees with the right skills and abilities.

### Management Training Survey Rating

One of the measures that the Bureau uses to assess progress is the extent to which managers are able to apply the skills they have learned from management training to their day-to-day management responsibilities. Combining feedback from several training assessment surveys, this metric provides information that is used to evaluate and improve management training opportunities. This metric, along with other data sources, is used to determine the effectiveness of current management training, assess the resources needed to promote and facilitate training, and identify the type of management training needed in the future.

### Performance measures

**Table 3.2.1.79:** Management training survey rating on applying learned skills to job responsibilities (aggregate of three questions on 7 point scale)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						5.75	5.75	5.75
<b>Actual</b>						6.4	NA	NA

### Progress update and future action

In FY 2018, the Bureau offered several leadership and management development courses that contributed to the success of this metric, including:

- Supervisor Development Seminars that covers workplace topics required for all senior leaders and managers by the Office of Personnel Management
- Leadership Excellence Seminars that covers best management practices to help senior leaders and managers engage and motivate individuals and teams
- Leadership resiliency training for senior leaders and managers
- Executive coaching for senior leaders and some mid-level managers
- Diversity and Inclusion training sessions for employees, managers, and senior leaders

Moving forward, the Bureau will continue to deliver management training solutions to meet Federal mandates and Bureau requirements. The Bureau will continue to offer proven and successful leadership training programs that leverage leading management practices while building new programs to meet the evolving needs of the Bureau.

### **Annual Employee Survey Rating (AES)**

The Bureau assesses progress and performance by measuring management training outcomes, and employee perceptions of the technical competence of the workforce and diversity and inclusion. Strategies to improve in these areas target organizational effectiveness, talent development, and diversity and inclusion initiatives.

**Table 3.2.1.80:** Annual Employee Survey (AES) rating on perceptions of technical competence of the Bureau staff (% favorable)<sup>20</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	68.5%	68.5%	63%	64%	68.5%	70%	70%	70%
<b>Actual</b>	66.7%	62.3%	67.4%	67.9%	72.1%	57.1%	NA	NA

**Table 3.2.1.81:** Inclusion Quotient: Annual Employee Survey (AES) rating on perception of inclusion and diversity (% favorable)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	NA	NA	63.5%	65%	67%	70%	70%	70%
<b>Actual</b>	65.3%	61.6%	65.8%	67.5%	72.5%	67.2%	NA	NA

### **Progress update and future action**

To better focus on the conditions that enhance inclusion, in the framework of the current Annual Performance Plan and Report, the Bureau has adopted the Inclusion Quotient framework defined by the Office of Personnel Management's (OPM) Office of Diversity and Inclusion. OPM has defined the Inclusion Quotient as comprised of five habits: Fair, Open, Cooperative, Supportive, and Empowering. Baseline measures from FY 2013 and FY 2014 were used to establish this metric and to estimate improvement over time.

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<sup>20</sup> The technical competence composite is comprised of ratings on three items from the AES, including “the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.”

To better leverage diversity and inclusion programs, the Bureau strategically aligned the Office of Equal Opportunity and Fairness (OEOF) as a business unit in the Office of the Director that includes the Office of Civil Rights (OCR); Office of Minority and Women Inclusion (OMWI); and disability and accessibility programs. In FY 2019, OEOF will incorporate the Office of Fair Lending (OFL). OEOF fosters a positive, diverse, and inclusive workplace by providing advice to senior leaders on innovative diversity and inclusion practices for employees, consumers, and regulated entities as well as equal employment best practices supporting the Bureau's mission. In FY 2018, OEOF conducted a number of programs and initiatives:

- Educated the Bureau Workforce on Diversity and Inclusion: OCR and OMWI implemented educational and training programs for managers and staff. Diversity and Inclusion Awareness seminar for all-staff, a two day Leading Diversity and Inclusion managers' workshop, a mandatory two-day manager and supervisor EEO training, EEO Top 10 Webinar Series, and Diversity and Inclusion Brown Bag topical seminars.
- Expanded and Enhanced Employee Engagement: OMWI supported a range of employee engagement initiatives, such as the Diversity and Inclusion Council of Employees (DICE) and Employee Resource Groups (ERG). OMWI worked to support two new ERGs focused on women and Asian American-employee interests (SPARK and ASPIRE, respectively) as well as supporting three-previously chartered ERGs focused on African-American, Latino, and LGBTQ-employee interests (RISE, Adelante, and Pride, respectively).
- Provided Technical Assistance to Divisions: OMWI partnered with each Bureau division to incorporate diversity and inclusion strategies into the offices' day to day operations.
- Maintained an Equal Employment Program: OCR timely processed EEO related complaints in accordance with timeframes and guidelines set forth by the Equal Employment Opportunity Commission (EEOC) and implemented an Alternative Dispute Resolution (ADR) program for workplace disputes.
- Conducted Barrier Analysis: Conducted equal employment barrier analysis including investigations, policy reviews, interviews with Bureau employees, and employee focus groups.

The Inclusion Quotient, which rates employees' perceptions of inclusion and diversity, decreased by 5.3% from last year and fell short of the FY 2018 target by 2.8%. In FY 2019, OMWI will continue to build on these programs to support diversity and inclusion.

The Office of Human Capital (OHC) applied the Bureau's digital media recruitment funding to

maintain an employer brand on LinkedIn, Indeed, and Glassdoor. These websites reach a large, diverse applicant pool. OMWI attended a number of outreach events including hosting exhibit booths at a career fair sponsored by the Hispanic Bar Association and South Asian Bar Association and a career fair for Historically Black Colleges and University students, both in the Washington, D.C. metro area. OMWI also hosted exhibit booths at conventions hosted by the Urban League, UnidosUS, and the Congressional Black Caucus.

OHC, OCR, and OMWI revised the Bureau's structured interview training. The 90-minute training will be provided on a quarterly basis and includes sessions led by OHC, OCR, and OMWI representatives.

In FY 2018 the Bureau continued to offer career development programs. Examples include: Individual Development Planning and Career Development Workshops, continuation of the Bureau Team Leader training program, the matrix of courses for Aspiring Leaders, and continued availability of external training and development opportunities. Additionally, the Bureau advertised 53 internal detail opportunities to Bureau employees using the Centralized Detail Posting Process.

### **Performance goal 3.2.2: Maintain a high level of employee engagement.**

As the Bureau matures, sustaining a high level of employee engagement is essential to executing the mission and ensuring organizational success. Central to this is capturing employee feedback by measuring their commitment to their jobs, colleagues, and organization, and taking appropriate actions to address opportunities to further engagement.

#### **Performance measure**

**Table 3.2.2.82:** Annual Employee Survey (AES) engagement composite rating (% favorable)<sup>21</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	76.5%	76.5%	72%	73%	75%	75%	75%	75%
<b>Actual</b>	73%	70.5%	74.1%	72.9%	76.6%	68.8%	NA	NA

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<sup>21</sup> The employee engagement composite is comprised of ratings on nine items from the AES survey, such as "my work gives me a feeling of personal accomplishment" and "the work I do is important."

## Progress update and future action

The Bureau will continue to engage employees and foster broad participation in the Annual Employee Survey (AES). The Bureau analyzes AES results to inform its action planning efforts. The Bureau will continue to work to develop and reinforce actions and communication across the organization.

The Bureau's diversity and inclusion efforts are supported by the perspectives and advice of a number of employee-level and executive-level initiatives, including: the Diversity Inclusion Council of Employees, the Employee Resource Groups, and the Executive Advisory Council.

## Objective 3.3

*Manage risk and promote accountability within the Bureau.*

**Objective leaders:** Chief Operating Officer, Operations; Chief Strategy Officer

### Strategies and investments

The following strategies and investments have been put in place to help the Bureau achieve objective 3.3.

#### Strategies

- Align resources to mission and promote budget discipline.
- Continue to leverage shared services for management functions such as financial management and travel in order to maximize resources and cost efficiencies.
- Provide accurate, complete, and meaningful information about the financial and operating performance of the Bureau to internal and external stakeholders.
- Acquire, deploy and maintain a suite of enterprise-wide services and secure technology capabilities that optimize staff productivity and are cost-effective.
- Mature and maintain a culture of continuous improvement to support the highest and best use of resources and minimize the risk of waste, fraud, and abuse.
- Develop and mature an Enterprise Risk Management (ERM) program to strengthen leadership decision-making, enhance the resource allocation process, and improve

overall organizational performance.

## Investments

### **PERSONNEL**

Despite a hiring freeze, the Bureau has filled certain vacated positions with internal staff on temporary details. This has ensured operational efficiency and allowed staff to gain specialized technical experience and training in other areas such as technology and innovation.

Additionally, the Bureau has developed a strategy to engage with both management and staff through activities geared toward improving overall employee satisfaction, engagement, and retention. Lastly, the Bureau has invested in change management practices to ensure Bureau staff are aware and engaged in forthcoming operational initiatives.

### **IT PORTFOLIO MANAGEMENT AND ENTERPRISE ARCHITECTURE**

Use methodologies including project management and agile development to deploy technology. The Bureau's Office of Technology & Innovation has developed FY 2020 and FY 2022 Target Architectures based on business needs. These enable the Bureau's IT modernization efforts to enhance its security posture, align with federal guidance, and improve user experience.

### **CLOUD APPLICATION PLATFORMS**

Continue to invest in cloud-based application systems as strategic platforms to streamline Bureau processes, coordinate stakeholder interactions and workflows, and enhance visibility and reporting. The Bureau has launched applications on these platforms including tools for tracking consumer complaints, coordinating interactions with supervised entities, and providing informal guidance to regulated entities.

### **DATA INFRASTRUCTURE AND ANALYSIS**

Evaluate and migrate the current data environment to a cloud based environment with scalable capabilities. This initiative will allow the Bureau to improve its use and management of data to conduct high quality, data driven analyses and decision-making.

### **FINANCIAL MANAGEMENT SUPPORT SERVICES**

Continue to provide financial management services in the areas of budget execution, purchasing, accounts payable, accounts receivable, and general ledger and fixed assets.

## **INTERNAL CONTROL ASSESSMENT PROGRAM SUPPORT**

Continue to invest in resources that maintain effective internal controls, and follow appropriate models for internal controls, such as the Federal Managers' Financial Integrity Act of 1982 (FMFIA), GAO's Green Book, and best practices derived from OMB Circular A-123.

## **PROCUREMENT SERVICES AND SUPPORT**

Ensure proper adherence to all relevant federal acquisition regulations and guidelines while continuing to develop a flexible, efficient, and responsive procurement environment.

### **Performance goals**

The Bureau will assess the progress on achieving objective 3.3 through the following performance goals:

#### **Performance goal 3.3.1: Modernize the Bureau by deploying new technology and improving IT operations.**

Modern technology increases productivity, lowers risk, and reduces operational expenses. The Bureau will continue to modernize its technology infrastructure and align to best practices for information technology.

### **Performance measures**

**Table 3.3.1.83:** Migrate data to the cloud (% of data removed from on premise data centers)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						25%	60%	94%
<b>Actual</b>						27%	NA	NA

**Table 3.3.1.84:** Federal Information Technology Acquisition Reform (FITARA) SCORE

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Baseline	B	A
<b>Actual</b>						C-	NA	NA

**Table 3.3.1.85:** Percent of Bureau software licenses tracked by asset management system (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	40%	80%
<b>Actual</b>						NA	NA	NA

## Progress update and future action

In FY 2019, the Bureau will continue modernizing its Information Technology (IT) by moving to a cloud-native environment. This will reduce the cost of operating and maintaining physical data infrastructure, increase security, improve user and customer experience, and align with federal guidance.

The Bureau will also begin implementing process improvements that were identified when scoring itself against standards set forth under the Federal Information Acquisition Reform Act (FITARA) and OMB Memorandum M-15-14. Moving towards a higher FITARA score will help the Bureau align to federal best practices in data center optimization, portfolio management, transparency and risk management, CIO authority, and software licensing.

## Performance goal 3.3.2: Award 90% of contracts competitively.

Competing procurement actions allows for competitive market pricing, stronger proposal submissions, including proposals from minority-owned and women-owned businesses, and a distributed vendor base in support of the Bureau. Public value is also derived when money is spent effectively.

## Performance measure

**Table 3.3.2.86:** Percentage of contracts competitively awarded overall

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	90%	90%	90%	90%	90%	90%	90%	90%
<b>Actual</b>	83%	86%	94%	91%	87%	87.2%	NA	NA

## Progress update and future action

The Bureau is currently tracking competition and reporting data measurements within the agency on an annual basis. The Office of Procurement has developed a live dashboard of Procurement metrics, including competition that is available to all Bureau employees. At 90%, the Bureau's competition goals since FY 2013 through FY 2019 are designed to lead by example in stewarding public money. The Bureau does not aim for 100% competition because it has a range of routine exempt needs which may include items such as expert witness services, conferences, and subscriptions. In addition to fostering the principle of competition, the Office of Procurement partners with the OMWI to develop tools and resources for increasing opportunities to minority-owned and women-owned businesses.

In FY 2018, out of approximately \$138.8 million that the Bureau obligated in contracts, \$121 million, or 87.2%, were awarded on a competitive basis. The Bureau will continue to strive toward the Bureau's 90% goal for FY 2019.

### Performance goal 3.3.3: Remediate open audit findings within 24 months.

Where there are audit findings, the Bureau will take appropriate steps to implement a timely corrective action.

#### Performance measure

**Table 3.3.3.87:** Percentage of audit findings closed by the auditor within 2 fiscal years

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Baseline	75%	75%
<b>Actual</b>						65%	NA	NA

## Progress update and future action

Accountability for remediating audit findings is a priority for Bureau management. The Bureau maintains an internal tracker of findings reported by its auditing entities (GAO, OIG, and the auditor of budget and operations) and corresponding corrective actions. The Bureau monitors its progress in implementing corrective actions and resolving findings, and internally reports on them on a quarterly basis. In FY 2018, the Bureau established a baseline for this metric and

future goals for the prompt implementation and resolution of corrective actions.

**Performance goal 3.3.4:** Establish and mature an enterprise risk management program that is integrated with strategic planning and budgeting processes to enhance decision-making and mission execution.

A Level 2 Enterprise Risk Management (ERM) program maturity assessment by an external, objective organization will confirm that the Bureau has implemented an effective ERM program.

### Performance measure

**Table 3.3.4.88:** Level of Enterprise Risk Management maturity

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						Level 2 ERM Maturity	Level 2 ERM Maturity	Level 3 ERM Maturity
<b>Actual</b>						Level 2*	NA	NA

\* Internal assessment of ERM maturity.

### Progress update and future action

The Bureau conducted an internal maturity assessment during Q4 2018. The Bureau is exploring options for an independent assessment of its maturity.

**Performance goal 3.3.5:** Improve the delivery of Operations services to the Bureau.

The Bureau will mature and maintain a culture of continuous improvement to support the efficient and effective use of resources and minimize the risk of waste, fraud, and abuse.

### Performance measure

**Table 3.3.5.89:** Percentage of respondents satisfied with the timeframe in which their Operations matter is addressed (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

**Table 3.3.5.90:** Percentage of respondents who agreed that Bureau operations are effective (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

**Table 3.3.5.91:** Percentage of respondents who agreed that operations provides clear, consistent guidance around its processes (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>						NA	Baseline	TBD
<b>Actual</b>						NA	NA	NA

### Progress update and future action

Continuous improvement comes from improving and streamlining policies, procedures, and resources. The Bureau will survey its own staff to identify ineffective processes, misaligned resources, and opportunities for enhanced accountability. The Bureau will utilize the data to prioritize opportunities for improvement and divert the appropriate resources. In FY 2019, the Bureau will develop and distribute a survey instrument to derive a baseline of satisfaction with services and metrics, which will inform future measures.

## APPENDIX A:

# Historical measures

Number of research reports on effective approaches to savings or money management

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>					NA	2
<b>Actual</b>					2	0

Number of cities and counties provided baseline information about local levels of credit invisibility and potential responses

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>					NA	15
<b>Actual</b>					27	51

Number of disclosure-related research projects completed

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						2
<b>Actual</b>						1

Number of internet views and downloads of disclosure-related publications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						Baseline
<b>Actual</b>						NA

Number of citations of bureau disclosure-related research in other publications

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						Baseline
<b>Actual</b>						NA

Percentage of disclosure-related final rules informed by consumer testing or accompanied by model forms

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						100%
<b>Actual</b>						100%

Number of consumer questions

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						190,000
<b>Actual</b>						183,593

Percentage of complaints published

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						65%
<b>Actual</b>						76%

Number of initiatives to obtain public input or conduct research and analysis to identify outdated, unnecessary, or unduly burdensome regulations

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						2
<b>Actual</b>						2

Number of proposed rulemakings to reduce regulatory burden

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						3
<b>Actual</b>						0

Number of assessments in progress at year end and on target for completion by statutory deadline

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						3
<b>Actual</b>						3

Number of assessments completed within statutory deadline

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						NA
<b>Actual</b>						NA

Percentage of substantive notice-and-comment rulemakings informed by public outreach processes

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	NA	100%	100%	100%	100%	100%
<b>Actual</b>	100%	100%	100%	100%	100%	NA

Number of initiatives to assess the effectiveness of implementation materials completed

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						1
<b>Actual</b>						1

Performance goal 1.3.6: Engage the public and Bureau stakeholders by hosting public events and Advisory Boards and Councils meetings about

## consumer finance issues

Number of public events, including field hearings, town hall meetings, and Advisory Board and council meetings, hosted annually

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	8	9	13	13	13	6
<b>Actual</b>	11	13	15	17	12	10

The Bureau hosted 10 public events in FY 2018:

1. November 1-2, 2017 – Consumer Advisory Board – Tampa, FL
2. February 21, 2018 – Consumer Advisory Board Mortgages and Small Business Lending Markets Subcommittee – Conference Call
3. February 28, 2018 – Consumer Advisory Board Consumer Lending Subcommittee – Conference Call
4. April 18, 2018 – Consumer Advisory Board Consumer Lending Subcommittee – Conference Call
5. May 10, 2018 – Consumer Advisory Board Mortgages and Small Business Lending Markets Subcommittee – Conference Call
6. May 22, 2018 – Consumer Advisory Board Card, Payments, and Deposit Markets Subcommittee – Conference Call
7. June 8, 2018 - Town Hall on Preventing Elder Financial Exploitation – Topeka, KS
8. September 27, 2018 – Consumer Advisory Board – Washington, DC
9. September 27, 2018 – Community Bank Advisory Council – Washington, DC
10. September 27, 2018 – Credit Union Advisory Council – Washington, DC

**Performance goal 2.1.1:** Effectively initiate supervisory events at financial services institutions under the Bureau's jurisdiction to determine compliance with Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities, including the Equal Credit Opportunity Act (ECOA) and the Home Mortgage

Disclosure Act (HMDA).

### Performance measure

Fair lending supervision events opened during the fiscal year<sup>22</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	NA	NA	20-35	20-35	20-35	20-35
Actual	47	33	27	32	27	22

Note: Fair lending supervision events are a subset of the Supervision events at the Bureau.

**Performance goal 2.1.2:** Successfully resolve the fair lending cases the Bureau files in court and administrative adjudicative proceedings, whether by litigation, settlement, issuance of a default judgment, or other means.

### Performance measure

The percentage of all fair lending cases concluded by the bureau that were successfully resolved through litigation, a settlement, issuance of a default judgment, or other means

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	75%	75%	75%	75%	75%	75%
Actual	NA*	100%	100%	100%	100%	NA**

\*Although the stipulation for the two public enforcement actions was executed in September 2013, the denominator for this goal is zero because the consent orders were executed in October 2013, and the result is “NA”. These two matters are counted as successfully resolved in the FY 2014 results.

\*\* The denominator for this goal is zero because no fair lending cases were resolved in FY 2018.

<sup>22</sup> This indicator includes MRA follow-up reviews starting in FY 2015. In addition, this indicator counts mortgage Targeted ECOA Exams and their associated HMDA Data Integrity Exams separately as two examinations. The overall supervision activities indicator combines mortgage Targeted ECOA Exams and their associated HMDA Data Integrity Exam as a single examination.

Number of localities engaged to create networks of law enforcement, financial institutions, and adult protective services to protect older Americans from financial exploitation

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>					NA	4
<b>Actual</b>					2	7

Supervision events opened during the fiscal year

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	NA	NA	155-170	160-200*	160-200	160-200
<b>Actual</b>	160	127	150	174	171	146

\* The FY 2016 target was adjusted from the FY 2014 annual performance plan and report to reflect significant reductions in the Bureau's backlog of examination reports.

Percentage of supervisory matters requiring attention addressed by the entity by the prescribed timeframe in response to supervisory activities

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	Baseline	80%	80%	80%	80%	90%
Actual	62%	90%	97%	96%	93%	92%

Percentage of supervised entities addressing 100% of the supervisory matters requiring attention by the prescribed timeframe

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target						80%
Actual						80%

Instances in which the Bureau obtains information from local, state, or federal law enforcement partners that contributes to Bureau law enforcement actions, or investigations in which the Bureau cooperates or shares information with law enforcement partners.<sup>23</sup>

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	NA	NA	Share requested investigative information*			
Actual	22	80	186	130	177 (30 FL only)	68 (18 FL only)

\*When investigative information is requested by law enforcement and regulatory agencies, share responsive information where permissible under relevant law and appropriate under the circumstances

Share supervision exam calendar with prudential and state regulators to invite coordination on exam activities

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target						Share exam calendar
Actual						Done

<sup>23</sup> For this measure, the Bureau reports each instance when information is shared for the same investigation or in other circumstances as one instance.

Percentage of all cases concluded by the Bureau's enforcement personnel that were successfully resolved through litigation, a settlement, issuance of a default judgment, or other means

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	75%	75%	75%	75%	75%	75%
<b>Actual</b>	100%	100%	100%	100%	98%	88%

Review Bureau's adherence to NIST Framework (800-53 rev 5) with gap analysis

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						Complete review and gap analysis
<b>Actual</b>						Completed review and gap analysis

Conduct a Cybersecurity organizational assessment to guide any realignment or identify any skill gaps

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						Complete assessment and realign to meet critical elements
<b>Actual</b>	/					Completed Assessment; procured and implemented Cloud Academy

Develop a cyber roadmap for the Bureau's transition of data centers to a target state of 100% mobile-friendly, cloud-based services

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>						Develop cyber roadmap
<b>Actual</b>						Developed cyber roadmap

**Performance goal 3.3.3:** Obtain an unmodified audit opinion on the Bureau's financial statements.<sup>24</sup>

**Performance measure**

Unmodified "clean" audit opinion on financial statements

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	Unmodified opinion					
<b>Actual</b>	Unmodified opinion					

**Performance goal 3.3.5:** Distribute funds collected through enforcement actions to identified victims within 18 months.

Percentage of funds collected through the enforcement of Federal consumer financial laws that is distributed to identified victims within 18 months\*

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	Baseline	100%	100%	100%	100%	100%
<b>Actual</b>	Baseline	100%	100%	100%	100%	100%

\* From FY 2014 to FY 2017, the Bureau tracked the disbursement of Bureau-administered redress funds and CPF payments to eligible identified victims within 24 months of identifying victims. From FY 2018 forward, it will track disbursement within 18 months of identifying victims.

<sup>24</sup> The American Institute of Certified Public Accountant's Auditing Standards Board updated sections of the Statements of Auditing Standards with respect to the definition of the types of audit reports issued. Based on these changes, reports on audited financial statements will use the term 'unmodified opinion' instead of 'unqualified opinion' beginning in fiscal year 2013.

## APPENDIX B:

# Data Validation

Following the Bureau's data accuracy and reliability processes and procedures, the Bureau takes continuous steps to ensure that performance information is complete, accurate, and reliable. The following captures key efforts by Strategic Goal and specifically focuses on data sources, summarizes levels of accuracy and data verification approaches, and identifies data limitations along with compensatory counteractions.

## Strategic Goal 1

*Ensure that all consumers have access to markets for consumer financial products and services.*

### Objective 1.1

Ensure that consumers are provided with timely and understandable information to make responsible decisions about financial transactions.

- **Data sources:**

- To measure performance for this objective, the Bureau relies on several data sources, including the Federal Register, Regulations.gov, the Bureau website, website analytics tools, and its consumer response function's case management system.
- The number of consumers served through Ask CFPB, money topic web portals, and print publications, ratings from Ask CFPB users, and downloads of tools/papers/materials are based on Google Analytics data for unique users to consumerfinance.gov and print orders from GPO. Community channel data, such as number of staff trained, number of library locations, and number of individuals served is measured through Bureau databases as well as through reports from regional and local partners.
- Web analytics for the Bureau website are the data source for reports dated between October 1, 2017, and September 30, 2018. The Bureau also tracks its research

projects completed on disclosure effectiveness.

- **Level of accuracy and data verification:**

- The data sources listed above were reviewed to determine metrics related to all relevant final rules, proposed rulemakings, published reports, outreach and other initiatives covered by the performance metrics. The website analytics are provided by Google Analytics 360, which provides numbers based on website user sessions.
- The Bureau’s consumer response function conducts regular data reviews and cross-checks accuracy for all key performance measures, including number of days to route to the company and percentage of company responses that are timely. The team also tracks the proportion of complaints received via the web channel and the number of consumer complaints handled by Consumer Response.

- **Advantages, limitations, and mitigating actions:**

- Website analytics data is pulled by a Google Analytics-certified analyst who performs thorough quality control checks to ensure all data reported is accurate. The Bureau website provides an accurate and extensive record of rulemakings and publications issued by the Bureau. No data limitations are known.

## Objective 1.2

*Regularly identify and address outdated, unnecessary, or unduly burdensome regulations in order to reduce unwarranted regulatory burdens.*

- **Data sources:**

- The Bureau uses several data sources to measure Objective 1.2, including the *Federal Register*, Regulations.gov, and the Bureau’s website.
- Notices of proposed rulemakings are generally considered to be proposed and other materials related to targeted initiatives, outreach, regulatory implementation, and requests for information are considered to be issued when posted to the Bureau website. Assessments will be considered published when posted to the Bureau website.

- **Level of accuracy and data verification:**

- The data sources listed above were reviewed to determine metrics related to all

proposed rulemakings, assessments, requests for information, and other initiatives covered by the performance metrics.

- **Advantages, limitations, and mitigating actions:**

- No limitations and reasonable level of accuracy — the Bureau’s website, *Federal Register*, and Regulations.gov - provide an accurate and extensive record of all rulemakings, assessments and requests for information issued by the Bureau.

## Objective 1.3

*Ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.*

- **Data sources:**

- To measure Objective 1.3, the Bureau uses various data sources, including the *Federal Register*, Regulations.gov, and the Bureau’s website (consumerfinance.gov). The Bureau also maintains a catalog of consumer financial market data for internal use by Bureau staff and produces publicly available data that is published to the Bureau website. The consumerfinance.gov website is the data source for reports dated between October 1, 2017, and September 30, 2018 along with the Bureau website of SSRN, a repository of scholarly research publications.<sup>25</sup> Additionally, the Bureau uses website analytics tools designed to capture website pageviews and downloads from the consumerfinance.gov. The number of citations of Bureau reports and publications in external publications uses data compiled from Google Scholar, a tool to search scholarly literature across research disciplines. Public engagement is tracked by external affairs staff.
- Rulemakings are considered finalized when a final rule is issued by the Bureau and posted to its website or published in the *Federal Register*, whichever occurs first (see Procedure Related to Rulemaking, 12 CFR 1074). Notices of proposed rulemakings are generally considered to be proposed and other materials related to targeted initiatives, outreach, regulatory implementation, and requests for information are considered effective to be issued when posted to the Bureau website. Reports are

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<sup>25</sup> The Bureau maintains a site designated as a repository for independent research publications at <https://www.ssrn.com/link/BCFP-GOV.html>

considered finalized when the Bureau issues and posts the final report to the Bureau’s website or a scholarly research publication is posted publicly to SSRN.

- **Level of accuracy and data verification:**

- The data sources listed above were reviewed to determine metrics related to all final rules, proposed rulemakings, and outreach and other initiatives covered by the performance metrics. This includes all consumer protection related rulemakings and related work independently conducted by the Bureau between October 1, 2017, and September 30, 2018. The data sources listed above were also reviewed tri-annually during FY 2018 (October 1, 2017, and September 30, 2018) to determine the consumer financial markets for which the Bureau maintains standardized data<sup>26</sup> and to account for all major research reports published by the Division of Research, Markets, and Regulations in FY 2018.
- Website analytics are provided by Google Analytics 360, which provides numbers based on website user sessions. Google Scholar provides accurate data on report citations, but does not include a full accounting of Bureau research material cited across varied publications. For public engagement, external affairs team verify and validate data by reviewing the Bureau blog, newsroom and other materials publicly available on the Bureau’s website that announce, report on, and otherwise provide information about public events hosted by the Bureau.

- **Advantages, limitations, and mitigating actions:**

- No limitations and reasonable level of accuracy - the Bureau’s website, *Federal Register*, and *Regulations.gov* provide an accurate and extensive record of all rulemakings, data, and reports issued by the Bureau.

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<sup>26</sup> To meet the criteria for standardized data, the Bureau must maintain regularly updated data that allow Bureau staff to draw generalizable conclusions about market activity.

## Strategic Goal 2

*Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.*

### Objective 2.1

*Protect consumers from unfair, deceptive, or abusive acts and practices and from discrimination.*

### Objective 2.2

*Enforce federal consumer financial law consistently, without regard to the status of a person as a depository institution, in order to promote fair competition.*

- **Data sources:**

- The Bureau captures and stores data about its supervision and enforcement activities in several systems of record, including ENForce, and the Supervision and Examination System (SES). Metrics and measures for the performance goals in support of Strategic Goal 2 are updated based on data housed in these systems on a triannual basis, followed by focused management reviews to assess progress toward achieving the Bureau's Strategic Goals and Objectives.
- To measure performance for the goal related to enhancing protection of older Americans from elder financial exploitation, the Bureau relies on several data sources, including website analytics tools and downloads of tools/papers/materials based on Google Analytics data and print orders from GPO.

- **Level of accuracy and data verification:**

- ENForce, the new matter management system for enforcement matters, provides a streamlined workflow, and data validation controls that have been developed to ensure consistent data quality. ENForce capabilities include automated business workflows, which allow the Offices to more efficiently and effectively manage their work. For example, particular fields must be filled out with appropriate data in order for users to proceed in the system. This is not a feature that existed in the previous matter management system. ENForce also provides visibility, tracking, reporting, and several quantitative metrics that can help the Bureau more effectively achieve its strategic goals.
- The Bureau provides training to users on proper use of the data systems described

above to ensure data verification and validation. The SES Data Entry Policy was updated in June 2017. Revisions included additional SES fields added as a part move to the new SES platform.

- The website analytics are provided by Google Analytics 360, which provides numbers based on website user sessions.
- **Advantages, limitations, and mitigating actions:**
  - Although the data is frequently reviewed for accuracy, as discussed above, the Bureau continues to improve its ability to track its supervision and enforcement activities. As mentioned previously, the Bureau recently replaced its previous matter management system for enforcement matters with ENForce, a Salesforce tool that will allow for improved data organization, workflow tracking, and collaboration across offices. These modifications have significantly enhanced the Bureau's ability to measure its supervision and applicable enforcement activities. Continued improvements to SES and ENForce, as needed, will assist in capturing key supervisory and enforcement data.
  - Website analytics data is pulled by a Google Analytics Certified analyst who performs thorough quality control checks to ensure all data reported is accurate. No data limitations are known.

## Strategic Goal 3

*Foster operational excellence through efficient and effective processes, governance and security of resources and information.*

### Objective 3.1

*Safeguard the Bureau's information and systems.*

- Data sources:
  - The Bureau keeps track of all Cybersecurity POA&Ms via a database.
  - POA&M reporting is maintained and managed via a series of reports and dashboards. The tool allows for a historical accounting of the activities associated with the POA&M. Additionally, a complete snapshot of the POA&Ms are taken weekly and kept for historical purposes. An auto-generated POA&M ID tracks each POA&M throughout its entire lifecycle.

- Data about the Bureau’s endpoint analysis is taken from the Bureau’s compromise assessment report, which is generated by an independent third party that performs automated compromise assessment of Bureau IT systems.
  - The percentage of users susceptible to phishing attacks represents the percentage of users who clicked-through on a phishing exercise. This data comes from the test platform the Bureau uses to conduct its phishing exercises.
  - OIG Maturity Model ratings are taken from the Annual Audit Report issued by the Office of the Inspector General.
- **Level of accuracy and data verification:**
    - The list of POA&Ms are managed and maintained by the Information Security Systems Manager (ISSM) responsible for the system associated for the POA&M. While the application does control a reasonable level of quality control on the data being entered, it does allow for entries to be created with some flexibility. Through reporting in the Bureau’s centralized system for managing POA&Ms, any incomplete POA&Ms would be identified and brought to the ISSM’s attention to either complete or remove.
  - **Advantages, limitations, and mitigating actions:**
    - In FY 2018, the Bureau moved to a federal shared service for tracking PO&AMs. One advantage of the new shared service approach is greater stability and fewer errors and crashes compared to the previous system.

## Objective 3.2

*Maintain a talented, diverse, inclusive and engaged workforce.*

- **Data sources:**
  - Annual Employee Survey (AES) results are captured through an online survey administered under an Interagency Agreement (IAA) for reimbursable government services offered by the Office of Personnel Management’s (OPM) Human Resources Solutions group. The IAA provides warranties that services provided for AES meet professional and legal standards. OPM’s USASurvey branded online survey administration tool is used to gather data. This tool is subject to the variety of information security guidelines for government information technology projects and systems. To ensure that all intended employees are invited to complete the annual

employee survey, email addresses for the employee population are provided to OPM as the basis for survey invitation.

- Manager Training Applied Learning Metric results are captured through training classroom evaluations, administered during classroom training sessions. Data is then aggregated across multiple deliveries, and calculated for both the period, and cumulative for the fiscal year.

- **Level of accuracy and data verification:**

- In order to verify data summaries for item and index level results, OPM provides independent verification and reporting of Bureau-wide AES results prior to releasing data to the Bureau. The Bureau's Office of Human Capital (OHC), in partnership with the Office of Research (OR) and a vendor under contract for this effort, then conducts analysis and generates summary reports. Any and all discrepancies between posted and calculated results are subject to 100% verification in collaboration with OPM vendor.
- At a broader level of verification, comparison data from OPM for government-wide results is monitored and verified through data cross checking. In the final steps of survey processing, the Bureau posts results to external website and sends an internet link and posted results to OPM to meet regulatory guidance.

- **Advantages, limitations, and mitigating actions:**

- The Bureau continues to monitor and evaluate the reliability and validity of these metrics as additional baseline data become available. Adjustment to outcomes, components, or targets may be necessary as measures are better understood.

## Objective 3.3

*Manage risk and promote accountability within the Bureau.*

- **Data sources:**

- The migration of data to cloud-based data centers is calculated through the Bureau’s network management tools, which can be used to run reports and consolidate information. Calculation of the FITARA score will be based on a self-assessment evaluated on standards and templates from GAO and other organizations.
- The Office of Procurement tracks competition and reporting data measurements on an annual basis and has developed a live dashboard of procurement metrics, including competition, that is available to all Bureau employees.
- The remediation of open audit findings is measured through the internal tracker of findings using data reported by its auditing entities (GAO, IG, and the auditor of budget and operations).
- The Enterprise Risk Management (ERM) Maturity Assessment data is contained in an internal tracking document. The Bureau plans to have this data independently validated.
- Bureau software licenses will be tracked in a central database. Licensing information will be populated in that database using information from the purchasing process and the approved software list.
- For the delivery of Operations services performance goal, the data for this measure will come from an internal survey administered by the Operations division.

- **Level of accuracy and data verification:**

- The Bureau can accurately calculate its footprint across on-premise data centers and can easily replicate those calculations.
- The Office of Procurement dashboard is regularly reviewed by staff for accuracy.
- Data to measure the Bureau’s ERM program comes from and is verified against the assessment report issued by an external organization annually. The Bureau will ensure the external organization performs its review in accordance with leading practices in ERM.

- The software licenses tracked in the database will be reconciled on a recurring basis based on feedback from Procurement, Product Owners and Service Desk requests.

#### **Advantages, limitations, and mitigating actions:**

- When Bureau Asset Management is aware of purchased software (and licenses) and tracking is centralized into one database, the Bureau has greater ability to effectively manage and monitor software owned by the Bureau. If the IT Asset Management team is not informed of purchases or provided feedback from product owners on a regular basis, the software license database may not reflect the current state of all software owned by the Bureau. Per the Asset Management Policy, all software must be approved by the IT Asset Management team prior to purchase thus helping mitigate incomplete information.

## APPENDIX C:

# Management challenges

As identified by the Bureau’s OIG, the Bureau faces management challenges in the areas of information security, human capital programs, controls and risk management.<sup>27</sup> As part of its ongoing, continuous improvement efforts, the Bureau is addressing these challenges. One significant change since the previous report is the removal of the challenge related to effectively managing and acquiring workspace.

## 1. Ensuring an effective information security program

Information security continues to be a key risk across the government, and as is the case for most Federal agencies, the Bureau faces challenges in effectively securing its information technology systems and infrastructures from evolving threats. The Bureau continues to mature its information security program, with emphasis in centralizing and automating processes to better manage insider threat risks; ensuring that automated feeds from all systems, including contractor-operated systems, feed into the Bureau’s security information and event management tool; and aligning its information security program, policies, and procedures with the agency’s evolving Enterprise Risk Management program.

### Agency actions

The Bureau continues to mature the information security program in many areas. The program is building out its cloud-based authentication capabilities to ensure a secure IT modernization effort, aligning the security architecture with the DHS Trusted Internet Connection (TIC) 3.0 initiative, and further enhancing the number and quality of sources feeding the centralized audit log collection and analysis system. Most recently, the Bureau launched a new Insider Threat Program and a supporting initiative to communicate it across the Bureau. Additionally, the Bureau is aligning the program’s policies and procedures to the National Institute of Standards

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<sup>27</sup> Office of Inspector General: Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, 2018 List of Major Management Challenges for the Bureau

and Technology Cybersecurity Framework.

Responsible Executive: Associate Director, Operations

Related Objective: 3.1

Related Performance Goal: 3.1.1

## 2. Maturing the Human Capital Program

Since beginning operations in 2011, the Bureau has worked to build its human capital program and develop a diverse, high-performing, and engaged workforce. The Bureau's human capital leadership must adapt to recent changes at the agency, including changes in leadership, strategic direction, and organizational structure, along with recent Bureau workforce directives, to help ensure that employees' skills are best leveraged.

### Agency actions

In FY 2018, OHC has worked to help management retain and engage a high performing and diverse workforce that can effectively and efficiently achieve the Bureau's mission objectives. OHC conducted staffing planning sessions with Division management to identify skill gaps or mission critical vacancies that may have resulted from the Bureau-wide hiring freeze. As part of this effort, OHC also created a comprehensive data set of all positions within the Bureau with a focus on statutorily mandated positions, mission critical jobs, positions in direct support of mission critical tasks, and critical operational positions. OHC also provides a monthly report to Bureau leaders that shows the gains and losses resulting from reassignments and details across each Division. The data shows there has not been a disproportionate movement of staff from one Division to another.

Responsible Executive: Associate Director, Operations

Related Objective: 3.2

Related Performance Goal: 3.2.1 and 3.2.2

## 3. Strengthening controls and managing risks

The Bureau continues to strengthen the internal controls and risk management, specifically by implementing an enterprise risk-management program. The Bureau is also continuing to strengthen its controls for contract financing and management, offboarding, and privacy and

travel programs.

## Agency actions

In FY 2018, the Bureau has taken action to resolve numerous OIG findings and other recommendations. Specifically, the Bureau has enhanced the policy and associated training to address contract financing and management. Additionally, the Bureau finalized a policy and directive related to off-boarding enabling increased accountability and efficiency in the process. The Bureau is also developing a complete inventory of the PII housed at the Bureau and exploring ways to centralize information related to operational datasets. The Travel Office is developing mandatory, agency-specific training on travel for approving officials and cardholders to strengthen compliance.

Responsible Executive: Associate Director, Operations

Related Objective: 3.3

Related Performance Goal: 3.3.3