



November 17, 2017

[Address of financial institution]

Dear [CEO of financial institution]:

Over the years, the Consumer Bureau has explored ways technology can help consumers take more control of their financial lives. For example, we have pointed out how real-time, low-balance alerts can assist consumers struggling to manage their checking accounts. We have recommended that financial institutions offer opt-in protective account features for older consumers, including cash withdrawal limits. And we have researched how new tools can help people manage their spending, such as real-time feedback at the point of sale about how a purchase will affect their budget.

I have also written you from time to time to bring to your attention things we believe you may want to consider prioritizing to serve your customers better. We have not pressed these upon you as regulatory requirements, but as matters you would do well to consider as you seek to better serve your customers and in so doing grow your business and enhance customer loyalty. I have written, for example, about safe banking accounts with no overdraft features that minimize risk for certain consumers and allow them to qualify for accounts without being screened out of the system – a product that has been of special interest to millennials and helps reduce the ranks of the millions of unbanked households in this country. I also have urged broader adoption of the Open Credit Score Initiative – a win-win approach that involves sharing your customers' credit scores with them on a regular basis, to boost awareness and encourage them to find ways to improve their credit scores, which may lead to them becoming stronger customers and result in lower charge-offs for you. Our sense is that many institutions have found merit and advantage in both of these suggestions.

Today I am writing to you again to urge upon you an issue for your consideration, which we believe is especially timely and important for American consumers. There is enormous value in new technology that makes it feasible, right now, to enable consumers to exert much greater control over their credit cards, debit cards, and other payment methods. Digital servicing platforms offer the potential for enhanced security and the peace of mind that are made possible by establishing controls that will make it more difficult for unauthorized transactions to occur. Moreover, such platforms can allow consumers to exert greater control on their own spending and those they authorize to use their accounts by establishing settings that limit how, where, when, and to what extent their accounts are accessed – and to do so much more easily and conveniently. I believe your customers will want and demand this capability, and it is worth considering how you can prioritize the steps necessary to speed its availability to them.

For example, as you know a number of institutions have introduced on/off features on their mobile consumerfinance.gov

apps that enable a consumer to instantly turn off a payment card that is linked to the app when the card is misplaced, and later to turn it on again if it is found, without having to cancel the card. This development is laudable and appears to have widespread appeal. But we believe much greater capability can be made available to your customers through digital servicing, which can enable consumers to exercise very detailed control over their accounts. For example, with digital servicing, financial institutions may be able to offer consumers the ability to set spending limits on a card-by-card basis for particular merchants, channels of transactions (online versus phone versus in-person versus recurring transactions, for example), or categories of spending. Digital servicing may also allow customers to receive an alert or warning if a transaction is attempted that falls outside the consumer's personal preset parameters (or parameters for an authorized user such as those set by parents for their children). Financial institutions could likewise embed other money management tools within their online and mobile platforms.

Of course, third-party providers are likely to mount increasing competition in this space as well, offering tools that are likely to be very popular as consumers find they can easily and conveniently take action themselves to control and direct permissible uses of their accounts – without the hassle (to them) or the cost (to you) of more cumbersome methods of telephone or other authorization processes. This kind of competition is good for the industry and for consumers.

You may already know all of this. You certainly have greater insight than I do about the challenges of adopting new technologies into your payment products. But on the eve of my leaving the Bureau, I urge you to think creatively about how you can put more control directly in the hands of your customers. This will help them as they worry about data breaches, and could help you minimize the incidents of fraudulent use of credit cards and debit cards and other payment methods. This will help people also to assert greater control of their financial lives. In short, you have the power, right now, to help consumers help themselves in ways that will materially improve their lives and that could reduce your costs. And if you manage to do so, we believe you will enhance the loyalty and engagement of your customers with positive results. Those who do not move quickly in this direction may soon find that they risk losing business to those who do. So I recommend that you keep pushing forward to offer consumers more control over their accounts.

Sincerely,



Richard Cordray
Director