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Joint Statement by Rohit Chopra, Director of the United States Consumer Financial Protection Bureau, and Didier Reynders, Commissioner for Justice and Consumer Protection of the European Commission

WASHINGTON, D.C. — On July 17, 2023, Rohit Chopra, Director of the United States Consumer Financial Protection Bureau, and Didier Reynders, Commissioner for Justice and Consumer Protection of the European Commission, announced the start of an informal dialogue between the European Commission and the CFPB on a range of critical consumer financial protection issues. Since the announcement, the CFPB and the European Commission have convened three meetings of senior staff and subject matter experts to discuss shared priority areas.

Director Chopra and Commissioner Reynders released the following statement:

“Consumer finance markets across jurisdictions have become increasingly similar over the past decade. It is critical for the U.S. and E.U. to coordinate on the firms, products, consumer trends, and risks that span the Atlantic. Our staff have shared expertise, best practices, and lessons learned on an important set of issues. Jointly analyzing the expansion of Big Tech’s financial services offerings, and the attendant risks to consumer privacy and competition, has been highly productive. The evolution of the payments system has been a key focus of such discussions, as Apple, Google, and other firms increase their reach in the market. It has also been valuable to compare how firms in our respective markets are deploying AI and expanding the use of automated decision-making methods. In addition, the meetings conducted by our staff have served as a useful venue to monitor the development and growth of new products, like Buy Now, Pay Later.

These discussions have strengthened the ability of our agencies to execute our respective public mandates. Together, we can help ensure that consumers across the Atlantic have their financial data and privacy respected, not surveilled and misused; retain meaningful choices in competitive consumer finance

markets; avoid fraud and manipulation; and have the tools necessary to get recourse when something goes wrong. We look forward to continuing this dialogue.”

Below is an overview of the three staff-level sessions between the CFPB and the European Commission:

- **Buy Now, Pay Later ('BNPL') and Over-Indebtess:** European Commission staff presented their most recent [study](#) on European consumers' over-indebtedness, which is expected to increase significantly in the next 10 years. Staff also outlined the key BNPL players operating in the European Union, the expected growth of the industry over the coming years (especially among consumers buying online), and the revisions to the Consumer Credit Directive designed to address certain risks. CFPB staff provided an overview of the [growth](#) of the BNPL industry in the U.S. and walked through aggregate borrower demographic [data](#), including a comparison of the utilization of credit products between BNPL users and non-users. Staff also provided background on the Fair Credit Reporting Act framework in the U.S. European Commission and CFPB staff then discussed the differences and similarities between BNPL industry evolution in the E.U. and U.S., the consumer risks identified, the respective legal frameworks in place, and areas of respective future planned work.
- **Digital Payments Access and Fraud; Big Tech Companies in Consumer Finance:** European Commission staff presented the current and proposed regulation concerning the EU open banking framework. EC staff also presented the recent EU regulatory initiatives to tackle fraud in digital payments. CFPB staff discussed the issue of fraud in digital payments in the U.S., the role of nonbanks in payments, and the state of digital access and its impact on the unbanked. Additionally, staff gave an overview of CFPB efforts to address the risks associated with Big Tech's increasingly important role in consumer finance. European Commission and CFPB staff then discussed various issues related to Big Tech in finance, with a focus on payments.
- **Artificial Intelligence:** European Commission staff discussed four pieces of legislation/regulation addressing AI: 1) the General Data Protection Regulation (GDPR), 2) the new Consumer Credit Directive (CCD II), 3) the Distance Marketing of Consumer Financial Services (DMFS) and 4) the Artificial Intelligence Act (AI Act) passed last year. Additionally, the staff presented on two recent judgments by the Court of Justice in Luxembourg, interpreting GDPR article 22 on automated decision making as applied to SCHUFA, the leading credit scoring company in Germany which holds a vast amount of consumer data. CFPB staff provided an overview of existing federal consumer financial authorities, which could apply to various AI use-cases, as these laws do not have tech-specific carveouts. CFPB staff highlighted guidance related to adverse action notices, a [report](#) on the use of chatbots by financial institutions, efforts to bolster internal technical expertise on AI and other technological issues, and relevant risks related to discrimination. European Commission and CFPB staff then discussed the differences and similarities in the respective legal and regulatory frameworks with respect to consumer finance and shared

information on the types of AI and automated decision-making use-cases that firms in each jurisdiction are deploying or contemplating in the area of consumer finance.

Mairead McGuinness, Commissioner for Financial Services, Financial Stability and the Capital Markets Union, and her senior staff continue to be closely involved in these discussions, in particular for the issues under her direct competence in the European Commission. In the context of their ongoing dialogue, on February 19, 2024, Director Chopra and Commissioner McGuinness met in Brussels to discuss payments and digital finance with a focus on consumer related aspects as well as financial literacy. At the invitation of Commissioner McGuinness, Director Chopra participated in a fireside chat closing a High Level Conference on Financial Literacy, Resilience and Inclusion¹ on financial literacy, consumer protection and finance.

Next Steps

On February 20, 2024, Director Chopra and Commissioner Reynders met in Brussels to discuss the issues set out above in the overview of three staff-level sessions and expressed their shared commitment to continue the informal dialogue. The CFPB and the European Commission agreed to convene an annual principal-level meeting and bi-annual staff level meetings on these issues, and any other shared priorities that emerge.

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The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit consumerfinance.gov.
