

April 2013

# The CFPB Strategic Plan, Budget, and Performance Plan and Report



Consumer Financial  
Protection Bureau

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# Letter from the Director

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At the Consumer Financial Protection Bureau, transparency is central to achieving our mission. Transparency in the marketplace ensures that consumers understand the prices and risks of the financial products they purchase up front so that they can make informed decisions. Transparency in our operations keeps us accountable to the American public as we strive to serve all consumers.

In the spirit of transparency, I am pleased to present the Consumer Financial Protection Bureau's Strategic Plan for Fiscal Years (FY) 2013 – 2017 and our Annual Performance Plan and Report for FY 2013 and Budget for FY 2013 and FY 2014. While these documents are traditionally published separately, we have combined them into a single report. Our aim in doing this is to increase transparency — to report in a streamlined, integrated way about the outcomes we will work to achieve, the strategies and investments we will make in achieving those outcomes, and the performance measures and targets we will use to evaluate progress. We have designed this report so it is accessible to all of our stakeholders, including Congress, other federal and state agencies, financial services providers, and most importantly, the consumers we work for every day.

While our budget is small relative to other banking agencies, we are intent on using our resources wisely and carefully. This means that we rely on performance information to help inform decisions. With this in mind, as we continue to grow as an agency, we are committed to further expanding the suite of measures used to monitor progress and maintaining robust processes for ensuring the completeness and reliability of performance data.

Congress created the CFPB — an independent bureau within the Federal Reserve System — as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, in the wake of the most severe financial crisis since the Great Depression. We know that American consumers are depending on our performance and stewardship as our nation continues to recover from the financial crisis. We look forward to working with Congress, consumers, businesses, and our federal, state, and local partners as we carry out this plan.

Richard Cordray  
Director  
April 2013

# Overview of the CFPB

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The Consumer Financial Protection Bureau (“CFPB” or “Bureau”) was established under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). To create a single point of accountability in the federal government for consumer financial protection, the Dodd-Frank Act consolidated many of the consumer financial protection authorities previously shared by seven federal agencies into the CFPB and provided the Bureau with additional authorities to:

- Conduct rulemaking, supervision and enforcement with respect to the Federal consumer financial laws;
- Handle consumer complaints and inquiries;
- Promote financial education;
- Research consumer behavior; and,
- Monitor financial markets for risks to consumers.

## OUR ORGANIZATION

The Bureau performs its work through six Divisions, described below. Our organizational chart is displayed in the appendix of this document.

### Division descriptions

<b>Supervision, Enforcement, and Fair Lending</b>	Ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.
<b>Research, Markets, and Regulations</b>	Responsible for understanding consumer financial markets and consumer behavior, evaluating whether there is a need for regulation, and determining the costs and benefits of potential or existing regulations.

<b>Consumer Education and Engagement</b>	Provides, through a variety of initiatives and methods, information to consumers that will allow them to make decisions that are best for them. Consumer education is a central mission of the Bureau. The Bureau is developing targeted outreach to groups that face particular challenges, as required by the Dodd-Frank Act.
<b>Legal Division</b>	Responsible for the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.
<b>External Affairs</b>	Manages the Bureau's relationships with external stakeholders and ensures that the Bureau maintains robust dialogue with interested stakeholders to promote understanding, transparency, and accountability.
<b>Operations</b>	Builds and sustains the CFPB's operational infrastructure to support the entire organization. The division also includes the Office of Consumer Response, which handles consumer complaints and inquiries related to consumer financial products and services.

## OUR MISSION

The CFPB is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

## OUR VISION

If we achieve our mission, then we will have encouraged the development of a consumer finance marketplace

- where customers can see prices and risks up front and where they can easily make product comparisons;
- in which no one can build a business model around unfair, deceptive, or abusive practices;
- that works for American consumers, responsible providers, and the economy as a whole.

## WE WILL ACHIEVE OUR MISSION AND VISION THROUGH



### Data-driven analysis

The CFPB is a data-driven agency. We take in data, manage it, store it, share it appropriately, and protect it from unauthorized access. Our aim is to use data purposefully, to analyze and distill data to enable informed decision-making in all internal and external functions.



### Innovative use of technology

Technology is core to the CFPB accomplishing its mission. This means developing and leveraging technology to enhance the CFPB's reach, impact, and effectiveness. We strive to be recognized as an innovative, 21st century agency whose approach to technology serves as a model within government.



### Valuing the best people and great teamwork

At the CFPB, we believe our people are our greatest asset. Therefore, we invest in world-class training and support in order to create an environment that encourages employees at all levels to tackle complex challenges. We also believe effective teamwork extends outside the walls of the CFPB. We seek input from and collaborate with consumers, industry, government entities, and other external stakeholders.

## WE AIM TO EMBODY THE FOLLOWING VALUES IN EVERYTHING WE DO



SERVE

### Service

Our mission begins with service to the consumer and our country. We serve our colleagues by listening to one another and by sharing our collective knowledge and experience.



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LEAD

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### **Leadership**

Fostering leadership and collaboration at all levels is at the core of our success. We believe in investing in the growth of our colleagues and in creating an organization that is accountable to the American people.



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INNOVATE

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### **Innovation**

Our organization embraces new ideas and technology. We are focused on continuously improving, learning, and pushing ourselves to be great.

# Plan Overview

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## OUR STRATEGIC PLAN ARTICULATES FOUR GOALS

- |               |   |
|---------------|---|
| <b>GOAL 1</b> | Prevent financial harm to consumers while promoting good practices that benefit them.   |
| <b>GOAL 2</b> | Empower consumers to live better financial lives.   |
| <b>GOAL 3</b> | Inform the public, policy makers, and the CFPB’s own policy-making with data-driven analysis of consumer finance markets and consumer behavior. |
| <b>GOAL 4</b> | Advance the CFPB’s performance by maximizing resource productivity and enhancing impact.  |

## IN SUPPORT OF EACH GOAL WE OUTLINE

- |                                     |  |
|-------------------------------------|--|
| <b>BUDGET</b>                       | Resource allocations we will make in order to achieve our goals.   |
| <b>OUTCOMES</b>                     | Desired outcomes that further define the focus of our work.  |
| <b>STRATEGIES &amp; INVESTMENTS</b> | Strategies and investments that lay out the actions we will take to accomplish our outcomes.                 |
| <b>PERFORMANCE GOALS</b>            | Specific, measurable goals we will use to assess our progress along with associated measures and indicators. |

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# Budget Overview

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The CFPB's FY 2013 budget totals \$541 million, which supports ongoing operations and new investments in human capital, technology and facilities, as well as consumer research and financial education activities in order to achieve the four strategic goals outlined in this plan. The FY 2014 estimate of \$497 million reflects continued growth in staff and new investments in technology, data, and equipment. The estimate represents an overall decrease from FY 2013 given that one-time facilities investments do not recur in FY 2014. More detail about what is included in our budget can be found below and in each goal discussion.

## BUDGET BY STRATEGIC GOAL

- |               |   |
|---------------|---|
| <b>GOAL 1</b> | Prevent financial harm to consumers while promoting good practices that benefit them.   |
| <b>GOAL 2</b> | Empower consumers to live better financial lives.   |
| <b>GOAL 3</b> | Inform the public, policy makers, and the CFPB's own policy-making with data-driven analysis of consumer finance markets and consumer behavior. |
| <b>GOAL 4</b> | Advance the CFPB's performance by maximizing resource productivity and enhancing impact.  |

The data below provides a view of our budgetary resources by strategic goal. The regulatory, supervisory and enforcement activities associated with Goal 1 become a larger share of the budget in FY 2014 compared to the previous year as the regional workforce approaches a steady-state level. The percentage of the budget allocated to Operations, included in Goal 4, decreases due to slightly slower growth in staffing compared to other goals. The share of the budget devoted to handling and processing consumer complaints and supporting financial education activities, as represented in Goal 2, and to research and market monitoring, included in Goal 3, remains largely unchanged overall.

	FY 2012	FY 2013	FY 2014
<b>Goal 1</b>	\$139,179,239	\$234,619,663	\$228,657,231
<b>Goal 2</b>	\$54,380,441	\$104,512,238	\$94,613,349
<b>Goal 3</b>	\$34,253,748	\$61,605,767	\$54,666,946
<b>Goal 4</b>	\$71,946,298	\$140,679,687	\$119,555,861
<b>Totals</b>	<b>\$299,759,726</b>	<b>\$541,417,355</b>	<b>\$497,493,387</b>

*\*Estimates are based on the best available information at the time the Budget was prepared and are subject to revision.*

## BUDGET BY PROGRAM

The information below offers a view of our budget by program. The budget provides additional resources for all programs over the next two fiscal years and reductions for non-recurring facilities investments. Supervision, Enforcement, and Fair Lending realizes the largest increase in funding over this two-year window to support additional staff and systems development. The Bureau also plans to make significant investments in Operations (including Consumer Response), Consumer Education and Engagement, and Research, Markets, and Regulations, which are detailed in the Summary of Key Investments table and in each goal discussion.

	FY 2012	FY 2013	FY 2014
<b>Office of the Director</b>	\$3,947,706	\$5,316,363	\$5,476,043
<b>Operations</b>	\$50,832,629	\$79,673,162	\$89,842,577
<b>Operations - Consumer Response</b>	\$23,062,691	\$38,774,502	\$49,614,670
<b>Consumer Education and Engagement</b>	\$15,035,697	\$25,619,930	\$28,734,001
<b>Research, Markets, and Regulations</b>	\$24,837,822	\$38,783,661	\$42,486,588
<b>Supervision, Enforcement, and Fair Lending</b>	\$83,027,120	\$132,810,088	\$165,263,480
<b>Legal</b>	\$7,820,853	\$10,812,664	\$13,318,255
<b>External Affairs</b>	\$3,773,525	\$5,794,388	\$8,433,066
<b>Other Programs*</b>	--	\$1,370,660	\$1,847,207
<b>Centralized Services**</b>	\$87,421,683	\$202,461,937	\$92,477,500
<b>Totals</b>	<b>\$299,759,726</b>	<b>\$541,417,355</b>	<b>\$497,493,387</b>

*\*Other Programs include the Ombudsman and Administrative Law Judges.*

*\*\*Centralized Services include the cost of certain administrative and operational services provided centrally to other programs (e.g., building space, utilities, and IT-related equipment and services).*

## FTE BY PROGRAM

The information below reflects FTEs (full-time equivalent employees) by program. The Bureau will continue to expand capacity over FY 2012 levels in order to successfully achieve its strategic goals. More than 40% of the growth in staff over the next two fiscal years will support Supervision, Enforcement, and Fair Lending activities, including the continued build out of a regional examination workforce. The Bureau will also ensure sufficient capacity to handle an increasing volume of consumer complaints and complete staffing key Operations offices that are critical to creating and maintaining a high-performing organization. More detail on personnel investments is included in the context of our goals.

	FY 2012	FY 2013	FY 2014
Office of the Director	17	27	27
Operations	120	226	272
Consumer Response	94	134	190
Consumer Education and Engagement	41	61	69
Research, Markets, and Regulations	79	114	140
Supervision, Enforcement, and Fair Lending	422	563	731
Legal	39	52	64
External Affairs	19	33	45
Other Programs	--	4	7
<b>Totals</b>	<b>831</b>	<b>1,214</b>	<b>1,545</b>

## BUDGET BY OBJECT CLASS

The table below provides a view of the CFPB's budget by spending category. Personnel compensation and benefits fund 1,214 FTEs in FY 2013 and 1,545 FTEs in FY 2014. Total travel expenses are projected to increase over time as the examination workforce expands across the country. Funding for contractual services and equipment decrease after FY 2013 as start-up investments will not recur in future years.

The Bureau is also making a significant one-time investment to renovate its headquarters building. As the headquarters building has not undergone significant renovation since it was constructed in 1976, the CFPB has initiated a capital improvement plan designed to meet

workplace and energy-efficiency goals, including upgrades to the building infrastructure; replacement of aging mechanical and electrical systems, which have reached the end of their lifecycle; installation of energy-efficient lighting and structures; and repair of the parking garage decks, sidewalks and public spaces.

The stages prior to actual construction include completing the final design phase; initiating the procurement and selection of a construction firm; determining the phasing of construction and the associated interim moves required; and developing detailed drawings.

	FY 2012	FY 2013	FY 2014
<b>Personnel Compensation</b>	\$99,464,304	\$154,049,556	\$203,460,591
<b>Personnel Benefits</b>	\$34,724,253	\$55,693,534	\$72,355,100
<b>Benefits to Former Personnel</b>	\$1,365	--	--
<b>Travel and Transportation of Persons</b>	\$10,116,761	\$19,063,964	\$23,051,326
<b>Transportation of Things</b>	\$165,951	\$406,872	\$130,000
<b>Rents, Comms, and Misc Charges</b>	\$1,514,101	\$1,823,000	\$1,898,500
<b>Printing and Reproduction</b>	\$1,693,319	\$2,174,000	\$2,374,000
<b>Other Contractual Services</b>	\$134,934,373	\$183,295,763	\$173,181,428
<b>Supplies and Materials</b>	\$2,555,501	\$3,584,718	\$3,811,893
<b>Equipment</b>	\$14,589,533	\$26,325,948	\$17,230,549
<b>Land and Structures</b>	--	\$95,000,000	--
<b>Interest and Dividends</b>	\$264	--	--
<b>Totals</b>	<b>\$299,759,727</b>	<b>\$541,417,355</b>	<b>\$497,493,387</b>

## SUMMARY OF KEY INVESTMENTS

The table below details the funding levels for the Bureau's key non-personnel investments by outcome. These investments will allow the CFPB to make significant progress toward achieving its strategic goals. In some cases, items are non-recurring, such as the headquarters building renovation, while others will be ongoing, e.g. audits of the Bureau. These investments are discussed in more detail in each goal discussion.

Key investments (in millions)\*

Outcome		FY 2012	FY 2013	FY 2014
1.1	Disclosure design and testing	\$5.7	\$1.2	\$0.6
1.2, 1.3	Supervision & examination system replacement	\$0.2	\$4.3	\$3.0
	Interstate land sales modernization	\$2.5	\$2.1	\$2.1
	Supervision compliance tool	\$4.8	\$5.7	\$4.7
	E-law tools and support	\$1.1	\$5.8	\$6.7
	Nonbank registration	--	--	\$2.5
	Examiner training and travel	\$9.1	\$15.7	\$20.2
2.1	Consumer response system & contact center support	\$4.3	\$16.9	\$21.0
	Consumer response operational and program support	\$5.9	\$2.6	\$0.6
2.2	Consumer experience program	\$3.7	\$3.5	\$4.0
	Financial education information campaign	--	\$1.4	\$2.1
	Financial education metrics study	\$1.4	\$0.1	\$1.6
	Financial education evaluation	\$1.1	\$0.9	--
3.1	Credit card data	\$2.9	\$2.8	\$2.9
	Evidence-based research	--	\$4.6	\$5.2
	HMDA development and implementation	--	\$3.8	\$1.0
	Other market data	\$5.8	\$3.3	\$6.0
3.2	Innovative pilots	\$1.7	\$1.0	\$1.0
	Compliance cost study	--	\$2.5	--
	Financial capability research pilot	\$0.5	\$0.7	\$0.7
4.1	Human capital shared-services, infrastructure, and operations	\$7.0	\$6.5	\$6.5
	Learning, leadership, and organization development research and design	\$4.8	\$6.2	\$5.7
	Outreach, recruiting, and candidate selection support	\$3.2	\$2.8	\$2.8

Outcome		FY 2012	FY 2013	FY 2014
4.2	Infrastructure	\$24.2	\$29.5	\$15.4
	Cybersecurity	\$1.4	\$7.3	\$4.1
	Design and software development support	\$2.0	\$8.6	\$7.7
	Business intelligence	\$1.3	\$0.1	\$0.1
	Customer relationship management	--	\$1.3	\$0.8
	IT program services and support	\$17.0	\$0.5	\$6.8
4.3	Audits of the Bureau	\$4.3	\$11.6	\$12.2
	Financial management support services	\$2.5	\$2.4	\$2.5
	Internal controls	\$0.5	\$2.3	\$1.5
All	HQ building renovations	--	\$95.0	\$5.2
All	Architecture and engineering services for HQ building renovation	\$1.1	\$11.0	--
All	Facilities agreement (rents, utilities, security)	\$25.2	\$28.2	\$29.5
All	Other**	\$20.4	\$39.5	\$35.0
<b>Total</b>		<b>\$165.6</b>	<b>\$331.7</b>	<b>\$221.7</b>

*\*The estimates included in this table are subject to change.*

*\*\*Includes administrative costs such as training, supplies, printing, transportation, and programmatic costs under \$1 million.*

## BUDGET AUTHORITY

Funding required to support the CFPB's operations is obtained primarily through transfers from the Board of Governors of the Federal Reserve System. Transfers to the Bureau in FY 2013 are capped at \$597.6 million. The transfer cap for FY 2014, as adjusted by an annual inflation indicator, is currently estimated to be \$608.4 million. The Bureau anticipates requesting less than the transfer cap to fund operations in FY 2013 and FY 2014.

The CFPB also maintains the Consumer Financial Civil Penalty Fund (CPF). Collections of civil penalties will be deposited into the CPF, and such funds will be available for payments to victims of activities for which civil penalties have been imposed under the Federal consumer financial laws and, if victims cannot be located or payments are not practicable, the Bureau may use such funds for consumer education and financial literacy programs. The CFPB received \$32 million in actual deposits by the end of FY 2012.

CONSUMER FINANCIAL PROTECTION BUREAU

Bureau Fund (in millions)

	FY 2012	FY 2013	FY 2014
Transfers from the Board of Governors	\$343.6	\$521.8	\$497.5
Unobligated balances, start of year	\$47.7	\$99.6	\$80.0
Recoveries of Prior Year Obligations	\$8.1	--	--
<b>Total Budgetary Resources Available</b>	<b>\$399.4</b>	<b>\$621.4</b>	<b>\$577.5</b>
<b>Total Obligations</b>	<b>\$299.8</b>	<b>\$541.4</b>	<b>\$497.5</b>

Civil Penalty Fund (in millions)

	FY 2012	FY 2013	FY 2014
<b>Transfers</b>	\$32.0	\$14.0	--
Unobligated balances, start of year	--	\$32.0	\$46.0
<b>Total Budgetary Resources Available</b>	<b>\$32.0</b>	<b>\$46.0</b>	<b>\$46.0</b>
<b>Total Obligations</b>	<b>--</b>	<b>--</b>	<b>--</b>

# Goal 1

Prevent financial harm to consumers while promoting good practices that benefit them.

## Goal 1: Budget by Program

	FY 2012	FY 2013	FY 2014
<b>Office of the Director</b>	\$986,927	\$1,329,091	\$1,369,011
<b>Research, Markets, and Regulations</b>	\$6,933,261	\$10,288,232	\$11,108,244
<b>Supervision, Enforcement, and Fair Lending</b>	\$83,027,120	\$132,810,087	\$165,263,480
<b>Legal</b>	\$1,955,213	\$3,742,845	\$3,926,946
<b>External Affairs</b>	\$943,381	\$877,938	\$1,218,110
<b>Other Programs</b>	--	\$1,066,096	\$1,603,580
<b>Centralized Services</b>	\$45,333,337	\$84,505,374	\$44,167,862
<b>Totals</b>	<b>\$139,179,239</b>	<b>\$234,619,663</b>	<b>\$228,657,232</b>

Prior to Congress enacting the Dodd-Frank Act, consumer financial protection had not been the primary focus of any one federal agency, and no agency could set the rules for the entire financial market. The result was a system without sufficiently effective rules or consistent enforcement of the law. The absence of such a regulating entity and corresponding rules ultimately contributed to the 2008 financial crisis.

Consumer financial protection is the CFPB's singular focus. The Dodd-Frank Act increased accountability in government by consolidating consumer financial protection authorities that had existed across seven different federal agencies into one, the newly formed Consumer Financial Protection Bureau. These authorities include the ability to issue regulations under more than a dozen Federal consumer financial laws. As provided in section 1021 of the Dodd-Frank Act, the purpose of the CFPB is to implement and enforce Federal consumer financial laws consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that such markets are fair, transparent, and competitive.

In addition, the Dodd-Frank Act gives the CFPB the authority to supervise and examine many non-bank financial service providers previously unsupervised at the federal level, such as mortgage companies, payday lenders, private education lenders, and larger debt collectors and consumer reporting companies. With the consolidation of existing and new authorities under one roof, the CFPB is now focused and equipped to prevent financial harm to consumers while promoting practices that benefit consumers across financial institutions.

Industry structure is always changing, and therefore, so too will the number of institutions that fall under the CFPB's supervisory authority. The CFPB is designed to be agile and adjust its approach to supervising the financial industry in order to respond rapidly to changing consumer needs.

## THE CFPB WILL ACCOMPLISH ITS FIRST GOAL BY ACHIEVING THREE OUTCOMES



**Establish and maintain an effective regulatory environment via outcome 1.1**

**Foster and enforce compliance with Federal consumer financial laws via outcomes 1.2 and 1.3**



Establish and maintain an effective regulatory environment

**Outcome 1.1:** Create, adopt, and administer regulations in order to promote a consumer financial marketplace in which: (A) consumers can understand the costs, benefits, and risks associated with consumer financial products and services initially and over the term of the product or service, and (B) consumers are not subject to deceptive, unfair, abusive, or discriminatory practices.

Outcome leader: Associate Director of Research, Markets, and Regulations

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Develop and maintain an efficient fact-based approach to developing, evaluating, revising, and finalizing regulations.



Develop a rule-writing team with highly advanced skills in relevant and specialized legal and business areas.



Work with consumers and industry stakeholders on developing regulations to implement existing Federal consumer financial laws effectively.



Leverage technology to continuously improve the efficiency and effectiveness of the federal rulemaking processes and procedures.



Develop ways to provide financial product disclosure information to consumers electronically. Working with industry groups, develop data standards so that private enterprise can create new tools that help consumers understand the financial products they buy.

## Investments

### PERSONNEL

Continue to expand capacity to provide interpretive guidance, develop small business compliance guides, and evaluate benefits and costs of potential rules.

### DISCLOSURE DESIGN AND TESTING

Continue to obtain and use expertise in disclosure design and disclosure usability testing. Qualitative research, such as one-on-one cognitive interviews, enables the Bureau to put forward proposed forms which consumers are more likely to be able to navigate and comprehend.

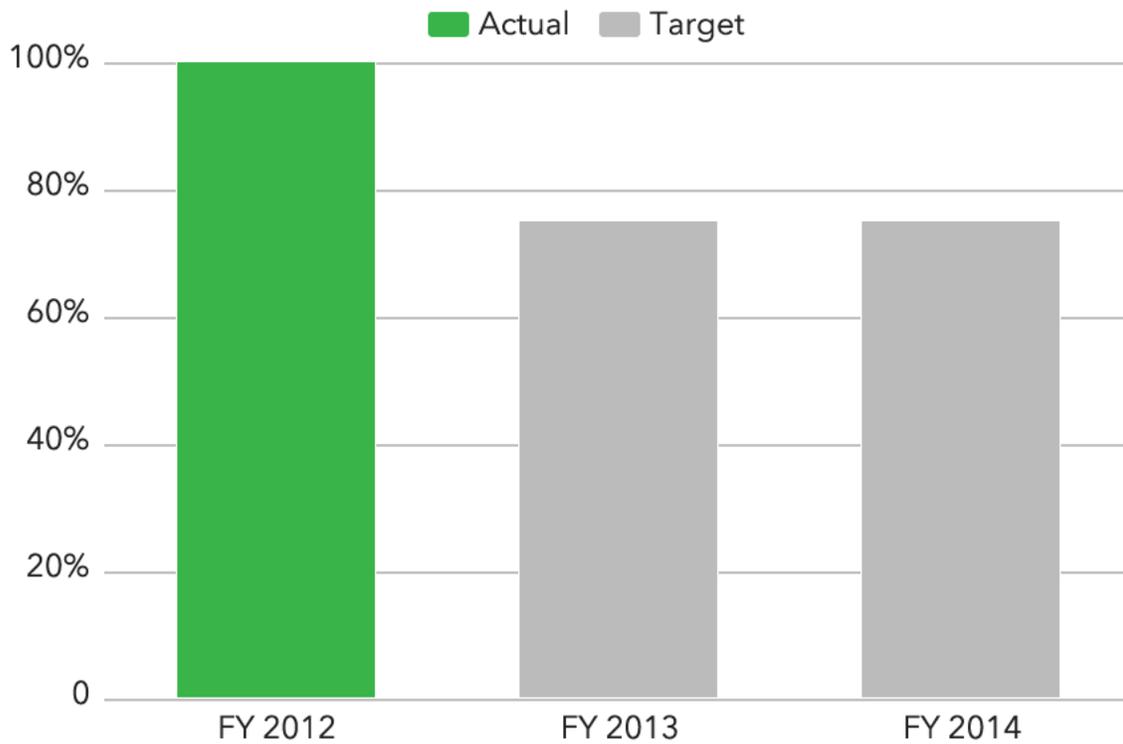
## WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING THREE PERFORMANCE GOALS

**Performance goal 1.1.1:** Complete consumer protection related rulemakings within nine months of receipt of final public comments.

The Bureau has made it a priority to ensure that it puts consumer protection regulations into place, including those implementing statutory requirements, in a timely manner. For this reason, the Bureau believes that completion of its own regulatory proposals within nine months of the close of the public comment period is a good measure of whether it is meeting this goal.

Performance measure

**The percentage of proposed rulemakings, conducted solely by the CFPB, finalized or otherwise resolved within nine months of the due date for receipt of final public comments.<sup>2</sup>**



	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	75%	75%
<b>Actual</b>	100%	N/A	N/A

**Progress update and future action**

During FY 2012, the Bureau finalized proposed rules to amend the requirements in Regulation E for remittance transfers sent by consumers. The Bureau issued a number of additional proposals during FY 2012, including several proposed mortgage rules to implement consumer protection provisions enacted by the Dodd-Frank Act. The Bureau’s final remittance rule issued in August 2012, the only Bureau regulation that qualified to be included in this measure in FY 2012, was finalized within nine months of receiving public comment.<sup>3</sup>

The Bureau also demonstrates its commitment to timely issuance of regulations by meeting its statutory deadlines. In FY 2012, the Bureau met its statutory deadlines with regard to the release of regulations through the issuance of its final remittance rule issued in January 2012, and its July 2012 proposal to consolidate disclosures under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act.

Going forward, in FY 2013 and 2014, the Bureau anticipates timely completion of certain other significant proposed rulemakings that have been issued or are currently under consideration by the Bureau. For example, the Bureau’s final remittance rule issued in August 2012 did not complete the Bureau’s remittance rulemaking which is continuing in FY 2013 through the issuance of a proposed and a final rule.

**Performance goal 1.1.2:** Complete all five-year regulation assessments on schedule.

Section 1022(d) of the Dodd-Frank Act requires the CFPB to assess each significant rule the Bureau adopts and publish a report of the assessment within five years of the effective date. The assessment addresses, among other factors, the rule’s effectiveness in meeting the purposes and objectives of the Dodd-Frank Act, Title X and the specific goals the Bureau states for the rule.

Performance measure

**The percentage of five-year regulation assessments completed on schedule**

**FY 2012:** N/A

**FY 2013:** Develop a plan for meeting a pre-rule baseline

**FY 2014:** Develop strategies to best isolate the effects of rules

**Progress update and future action**

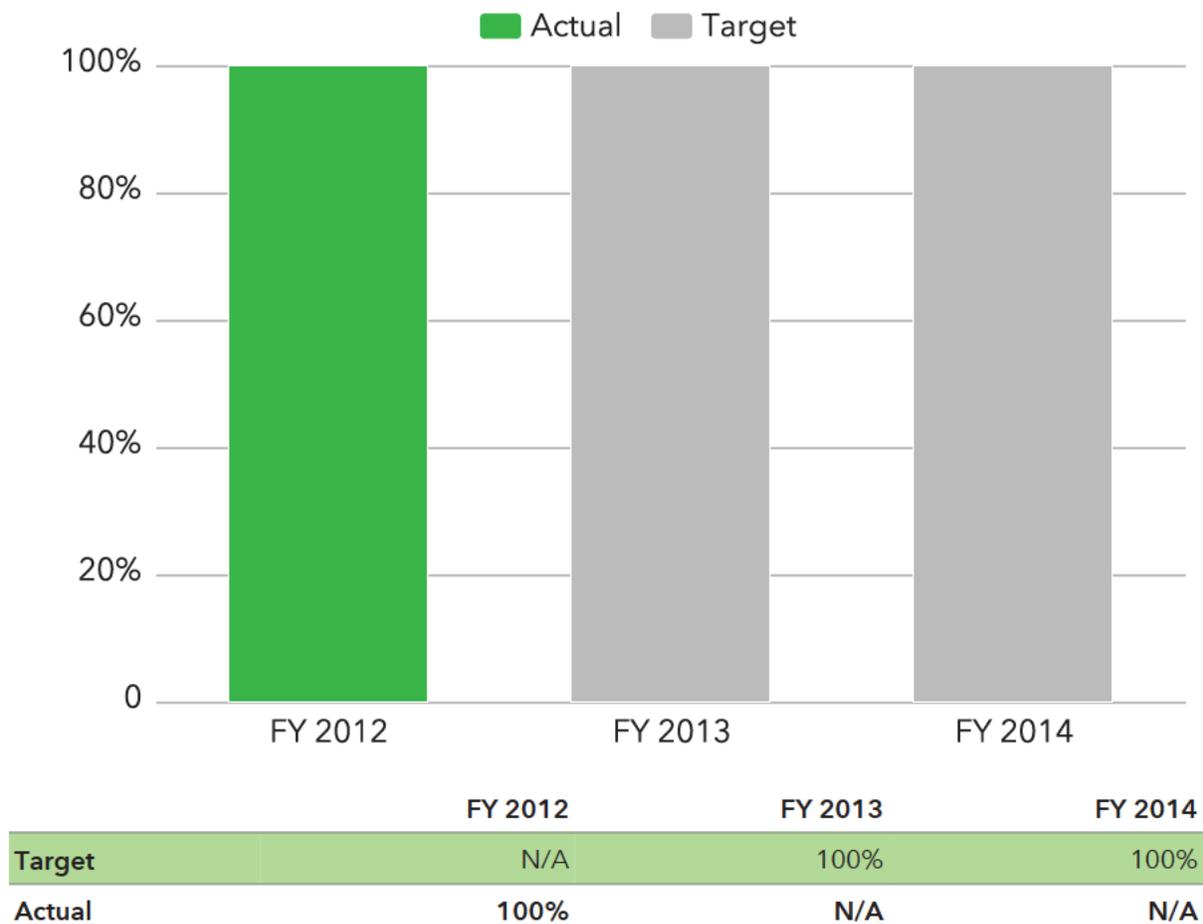
The Bureau’s first five-year assessments will be due in 2018. The Bureau will announce plans in 2013 for establishing pre-rule baselines to enable the Bureau to conduct before-and-after reviews of certain rules.

**Performance goal 1.1.3:** Ensure that all rulemakings are informed by public outreach processes, such as Small Business Regulatory Enforcement Fairness Act (SBREFA) panels and consumer and industry roundtables.

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 impact 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. The Bureau is also interested in exploring ways to increase general consumer involvement in the rulemaking process.

Performance measure

The percentage of significant consumer protection related, notice-and-comment rulemakings informed by public outreach processes



**Progress update and future action**

This past year, the CFPB issued, for public comment, a number of proposed mortgage-related rules implementing consumer protection changes required by the Dodd-Frank Act. Prior to publication of several of these proposed rules, the CFPB convened Small Business Review panels, to assist it in assessing any potential impact on small businesses. The Bureau convened panels for proposals on mortgage servicing, loan originator compensation and consolidated mortgage disclosures under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). In each case, the Bureau posted materials related to Small Business Review panels on its website, and invited the public to email remarks on various materials.

In addition, the CFPB held a number of consumer and industry stakeholder roundtables as it developed proposed mortgage-related rules. Participants were provided an opportunity to discuss any issues presented by the Dodd-Frank Act changes and matters the Bureau should consider as it formulated its proposals. The Bureau encouraged roundtable participants to submit formal written comments on proposals. In the TILA-RESPA integrated mortgage disclosure and servicing rulemakings, the Bureau also posted prototype disclosure forms online and invited the public to provide feedback via email or comments on a blog post.

The CFPB intends to continue to undertake its public outreach efforts to consumers and industry stakeholders as it considers topics for possible future consumer protection related rules in FY 2013 and FY 2014. For example, the Bureau will engage with the public on a rulemaking involving the Home Mortgage Disclosure Act. In anticipation of possible future rulemaking or policy efforts, the Bureau issued a number of Requests for Information (RFIs), and an advance notice of proposed rulemaking, seeking information from the public on, for example, the impact of bank overdraft programs on consumers, general purpose reloadable prepaid cards, and various other subjects for possible rulemaking. The Bureau also issued an RFI seeking broad stakeholder input on potential projects to streamline, modernize, and harmonize regulations that had been transferred to the Bureau from other federal agencies under the Dodd-Frank Act.



Foster and enforce compliance with consumer financial protection law

**Outcome 1.2:** Supervise institutions to foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.

**Outcome 1.3:** Enforce Federal consumer financial laws and hold violators accountable.

Outcome leader: Associate Director of Supervision, Enforcement, and Fair Lending

## THESE OUTCOMES WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Acquire and analyze qualitative and quantitative information and data pertaining to consumer financial product and service markets and companies.



Focus resources on institutions and their product lines that, based on their size, nature of the product, and field and market intelligence, pose the greatest risk to consumers.



Establish a framework for sharing information, coordinating activity, and promoting best practices with fellow financial institution supervisory and law enforcement agencies to ensure the most effective use of regulatory resources.



Continue to develop a technology solution for coordinating supervisory information, capable of recording, storing, tracking, and reporting information on the CFPB's supervisory process.



Continue implementing a tool capable of reviewing loan and deposit portfolios for compliance with Federal consumer financial laws.

## Investments

### PERSONNEL

Hire additional staff to expand the Bureau's capacity to focus on risks to consumers in the policies and practices of consumer financial providers; analyze available data on the activities of providers, on the markets in which they operate, and on the risks to consumers; apply consistent standards in supervision of both bank and nonbank consumer financial companies; and investigate and take actions to address potential violations of consumer laws.

### SUPERVISION AND EXAMINATION SYSTEM

Develop and implement a replacement system that will organize entities by institution product line, capture relationships between entities, support supervisory workflows, and document the supervision process.

### INTERSTATE LAND SALES (ILS) MODERNIZATION

Modernize the ILS registration system by supporting electronic registration and record-keeping. The registration process will become more transparent to developers and consumers and less burdensome for filers. The modernized system will also remove the need for certain support contracts.

### 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 will improve the Bureau's ability to assess compliance with Federal consumer financial laws, including fair lending laws, and assess and detect risks to consumers.

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

Maintain and increase capacity of tools that obtain, process, and analyze evidence received in enforcement investigations and enable the Bureau to bring enforcement actions to address violations of consumer financial protection laws.

### **NONBANK REGISTRATION SYSTEM**

Develop a system to implement a registration requirement, to be established by rule, for certain nonbank providers of consumer financial products and services. Registration of certain nonbanks will help the Bureau better understand the markets and institutions that it regulates.

### **EXAMINER TRAINING AND TRAVEL**

Support the development and delivery of training courses that are essential to examiner commissioning and to maintaining a highly effective workforce. Also support the travel requirements of the Bureau's distributed workforce in order to effectively carry out its supervision program.

## **WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING EIGHT PERFORMANCE GOALS**

**Performance goal 1.2.1 / 1.3.1:** Perform supervision activities at financial services institutions under the CFPB's jurisdiction to foster compliance with Federal consumer financial laws.

The CFPB's Supervision, Enforcement, and Fair Lending Offices collaborate to conduct supervisory activities at bank and nonbank institutions. The CFPB's supervisory authority includes banks, thrifts, and credit unions with over \$10 billion in assets, and their affiliates, as well as certain nonbank consumer financial service providers, such as mortgage lenders, brokers, and servicers; private education lenders; payday lenders; and larger participants of the consumer reporting and debt collection markets. These supervisory activities will foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.

Performance indicator

**Supervision activities opened during the fiscal year**

	FY 2012	FY 2013	FY 2014
<b>Actual</b>	149	N/A	N/A

**Progress update and future action**

In FY 2012, the Bureau took several important steps in building and implementing its supervision program. The CFPB released its Supervision and Examination Manual, which included specific examination procedures covering particular types of products or services, such as mortgage servicing. The Bureau established a Memorandum of Understanding (MOU) with the other federal supervisory agencies to clarify how the agencies will coordinate their supervisory activities, including scheduling examinations, conducting simultaneous examinations of covered depository institutions, and sharing draft reports of examination for comment. With the appointment of the Bureau’s director, Richard Cordray, in January 2012, the CFPB also launched its nonbank supervision program. The CFPB has supervisory authority over nonbank firms of all sizes in the mortgage origination, mortgage servicing, private student lending, and payday lending markets, as well as larger participants of the consumer reporting and debt collection markets.

The Bureau also cooperates with and coordinates its supervisory activity with federal and state regulators to minimize unnecessary regulatory burden, avoid unnecessary duplication of effort, and decrease the risk of conflicting supervisory directives. The Bureau has signed MOUs with approximately 60 state agencies in 49 states, plus the District of Columbia and Puerto Rico, as well as five state regulatory associations. Additionally, the Bureau recently entered into an agreement with the State Regulatory Registry, LLC (SRR), providing the Bureau with access to state information contained in the Nationwide Mortgage Licensing System (NMLS), and has recently issued a Statement of Intent on sharing information with state banking and financial services regulators.

In addition to establishing these agreements, the Bureau was also intently focused on recruiting and hiring the staff to execute the work of the supervision program. This included significant efforts to smartly grow the examination team, and the Bureau now has supervision staff working all across the country, reporting through four regional offices covering the Northeast, Southeast, Midwest, and West. The CFPB also made significant investments to buildout the Washington, D.C. infrastructure, training programs, and systems which contribute to supporting a national examination force. In FY 2013, the CFPB will continue to grow its diverse and talented team to accomplish the goals of the supervision program.

**Performance goal 1.2.2 / 1.3.2:** Effectively initiate supervisory activities at financial services institutions under the CFPB's jurisdiction to determine compliance with the Federal fair lending laws, including the Equal Credit Opportunity Act (ECOA) and the Home Mortgage Disclosure Act (HMDA).

The Bureau's supervision activities range from assessments of the institution's fair lending compliance management systems to in-depth reviews of products or lending activities that may pose heightened fair lending risks to consumers. This indicator focuses on the Bureau's in-depth fair lending reviews.

Performance indicator

**Fair lending supervision activities opened during the fiscal year<sup>4</sup>**

	FY 2012	FY 2013	FY 2014
<b>Actuals</b>	67	N/A	N/A

**Progress update and future action**

In FY 2012, the CFPB continued to develop and implement its supervisory program through a data driven approach to fair lending compliance. The Office of Fair Lending has led efforts to provide updates and training to the CFPB examiners on the Federal fair lending laws, and developed procedures to assist these examiners in the identification of potential fair lending violations. Attorneys from the Office of Fair Lending periodically brief regional examination teams on key fair lending topics and provide updates on fair lending trends and issues observed through examinations. In June 2012, the CFPB launched its Fair Lending Examination Techniques training program, a two-week course that was developed through close collaboration among the Offices of Fair Lending, Supervision, and others. The course is designed to provide additional in-depth training to the CFPB examiners and is a prerequisite to the CFPB's examiner commissioning process.

In FY 2013, the CFPB will continue to conduct fair lending supervisory activities at bank and nonbank institutions, focusing in particular on those institutions and product lines that pose the greatest fair lending risk to consumers.

**Performance goal 1.2.3 / 1.3.3:** Issue examination reports within the CFPB'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 required.

Performance measure

**Percentage of examination reports issued within an established period following the close of the examination**

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A

**Progress update and future action**

The CFPB is focused on issuing high-quality examination reports in a timely manner. The established time period for issuance of reports will be determined as the CFPB continues to examine more institutions (both bank and nonbank) and our review process is refined. The CFPB will continue to review and analyze its processes to determine methods for improvement and increased effectiveness and efficiency.

**Performance goal 1.2.4 / 1.3.4:** Supervisory matters requiring attention resolved by the prescribed timeframe.

The CFPB monitors institutions receiving notice of matters requiring attention to ensure that corrective actions are taken by the prescribed timeframe in response to supervisory activities, which foster compliance with Federal consumer financial laws and promote a fair consumer financial marketplace.

Performance measure

**The percentage of supervisory matters requiring attention resolved by the prescribed timeframe in response to supervisory activities**

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A

**Progress update and future action**

The CFPB regions responsible for supervised institutions have given notice to institutions of any matters requiring attention resulting from supervisory activities and are monitoring responses by these institutions. The CFPB will conduct onsite reviews of particular issues or actions that may require independent validation.

The CFPB has issued and will continue to periodically issue Supervisory Highlights, through which it will apprise the public and the financial services industry about its examination program, including the concerns that it finds during the course of its completed work, and the remedies that it obtains for consumers who have suffered financial or other harm. The CFPB believes that Supervisory Highlights will help providers of financial products and services better understand the CFPB’s supervisory expectations so that they can take action to comply with Federal consumer financial laws and serve their customers in a fair and transparent way.

The CFPB 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 1.2.5 / 1.3.5:** Cooperate and share information with its partners in local, state, and federal law enforcement as part of its efforts to protect consumers, deter wrongdoers, and build a better marketplace.

This indicator ensures that the CFPB works well with its partners at the local, state, and federal level to share information, subject to the Bureau's regulations and policies on information sharing, across jurisdictions and to make the best use of limited resources.

Performance indicator

**Cases in which the CFPB obtains information from local, state, or federal law enforcement partners that contributes to CFPB law enforcement actions, or investigations in which the CFPB cooperates or shares information with law enforcement partners**

	FY 2012	FY 2013	FY 2014
<b>Actual</b>	22	N/A	N/A

**Progress update and future action**

In FY 2012, in addition to sharing information with state and local law enforcement partners, the CFPB has entered into MOUs with 17 state law enforcement agencies. The CFPB has also entered into MOUs regarding information sharing with its federal enforcement partners, including the Department of Justice, the Federal Trade Commission, the Department of Housing and Urban Development, Office of the Comptroller of the Currency, the Federal Reserve Board, the National Credit Union Administration, and the Federal Deposit Insurance Corporation. The Bureau will continue to build relationships, share information where warranted, and work together to hold violators accountable.

**Performance goal 1.2.6 / 1.3.6:** 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 CFPB’s effectiveness. The Bureau seeks to balance the need to effectively pursue complex and time-consuming cases while minimizing any unnecessary delay between conduct and resolution. Timely pursuit of resolutions increases deterrence and provides consumers with greater protections of law.

Performance measure

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

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A

**Progress update and future action**

Following the determination that enforcement action is warranted, each matter is reviewed at regular intervals to ensure that it is progressing in a timely manner. Because the CFPB opened its doors on July 21, 2011, not enough time will have elapsed by September 30, 2013, to form a complete baseline from which to measure the percentage of enforcement actions that were filed within two years of the Bureau's determination that enforcement action was warranted. Therefore, targets will be established in the future.

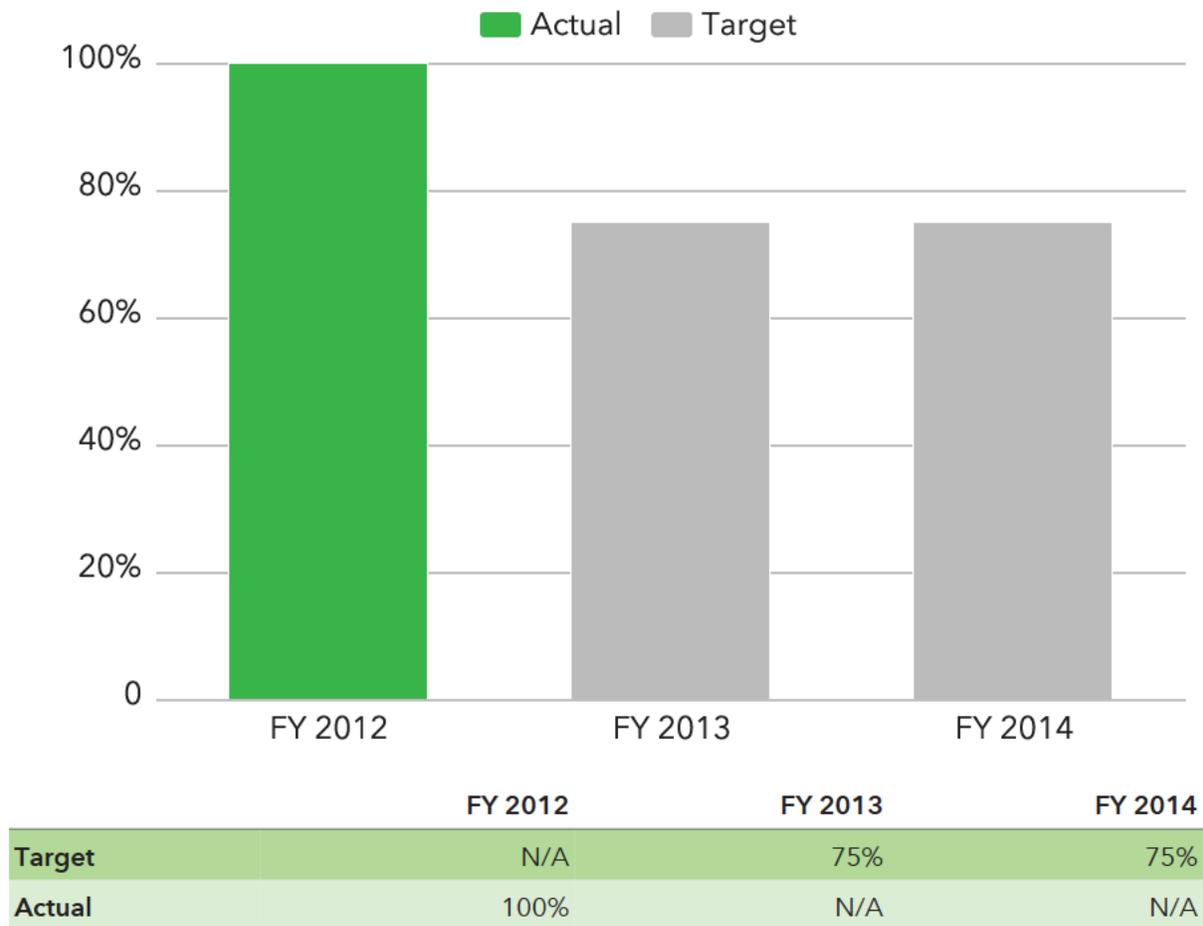
In FY 2013, the Office of Enforcement will continue to roll out a program that will better enable tracking of the timeliness of actions. It will also continue to meet hiring goals and to complete development of policies and infrastructures that enable it to investigate and take action efficiently and effectively. For example, last year the Bureau issued four rules relating to the enforcement of consumer financial protection laws, including the Rules Relating to Adjudications and Rules of Practice for Adjudication Proceedings.

**Performance goal 1.2.7 / 1.3.7:** Successfully resolve the cases the CFPB files in court and administrative adjudicative proceedings whether by litigation, settlement, issuance of a default judgment, or other means.

This measure ensures that the CFPB 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

The percentage of all cases filed by the CFPB that were successfully resolved through litigation, a settlement, issuance of a default judgment, or other means



### Progress update and future action

In FY 2012, all of the enforcement matters were successfully resolved, which included the CFPB’s first public enforcement action that resulted in a \$140 million refund to consumers for deceptive marketing practices and a \$25 million penalty paid to the Bureau’s Civil Penalty Fund. Two separate enforcement actions resulted in another \$200 million and \$85 million in refunds, respectively, to consumers and more than \$21 million in civil money penalties. Collectively, these actions resulted in refunds to 5.75 million consumers.

The CFPB has invested in developing partnerships with our local, state, and federal partners by sharing our consumer complaints with the Federal Trade Commission’s database, Consumer Sentinel. The CFPB is also working with SIGTARP and Treasury to combat

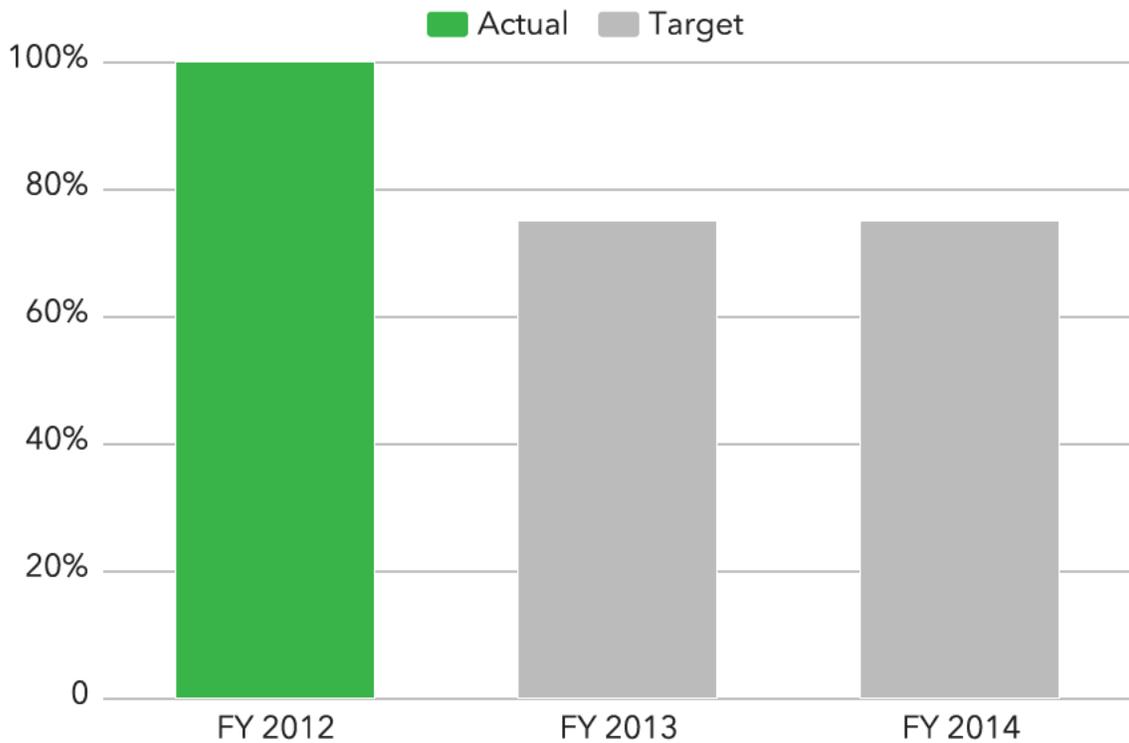
mortgage modification scams. The Bureau also created a centralized email address and phone number for whistleblowers to report violations of consumer financial protection laws. In FY 2013 and beyond, the Bureau will seek to continue to successfully resolve cases.

**Performance goal 1.2.8 / 1.3.8:** Successfully resolve the fair lending cases the CFPB files in court and administrative adjudicative proceedings, whether by litigation, settlement, issuance of a default judgment, or other means.

When the Dodd-Frank Act created within the CFPB an Office of Fair Lending, it set forth as one of that Office’s functions the enforcement of Federal fair lending laws, including ECOA and HMDA. The CFPB seeks to successfully resolve as many fair lending actions as possible while, at the same time, pursuing complex and challenging actions when appropriate, even when success is not assured.

Performance measure

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



	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	75%	75%
<b>Actual</b>	100%	N/A	N/A

**Progress update and future action**

In FY 2012, the fair lending matter filed was successfully resolved. This action was the result of a multi-agency federal investigation, which found legal violations that occurred at every stage of the consumer experience and included deceptive practices and violations of the Credit CARD Act, the Fair Credit Reporting Act, and ECOA. With respect to ECOA, the violation involved illegal age discrimination in a credit scoring system applied to card applicants. In FY 2013 and beyond, the Bureau will seek to continue to successfully resolve fair lending cases.

# Goal 2

Empower consumers to live better financial lives.

The CFPB works to arm consumers with the knowledge, tools, and capabilities they need in order to make better-informed financial decisions by engaging them in the right moments of their financial lives, in moments when they are most receptive to seeking out and acting on assistance. To that end, the CFPB will develop and maintain a variety of tools, programs, and initiatives that provide targeted, meaningful, and accessible assistance and information to consumers at the moment they need it.

## Goal 2: Budget by Program

	FY 2012	FY 2013	FY 2014
Office of the Director	\$986,927	\$1,329,091	\$1,369,011
Operations - Consumer Response	\$23,062,691	\$38,774,502	\$49,614,670
Consumer Education and Engagement	\$11,492,256	\$19,537,090	\$20,751,036
Legal	\$1,955,213	\$1,871,423	\$2,592,369
External Affairs	\$943,381	\$877,938	\$1,780,314
Other Programs	--	\$304,564	\$243,627
Centralized Services	\$15,939,973	\$41,817,631	\$18,262,323
<b>Totals</b>	<b>\$54,380,441</b>	<b>\$104,512,238</b>	<b>\$94,613,349</b>

While almost all Americans are impacted by financial products<sup>5</sup>

### Report having some form of financial asset

94%



### Report having some form of debt

75%



Many face challenges in making financial decisions<sup>6</sup>

20%

of individuals reported that over the past year, their household spent more than their income.

60%

of individuals lack a rainy day fund to cover expenses even for three months in case of emergencies.

62%

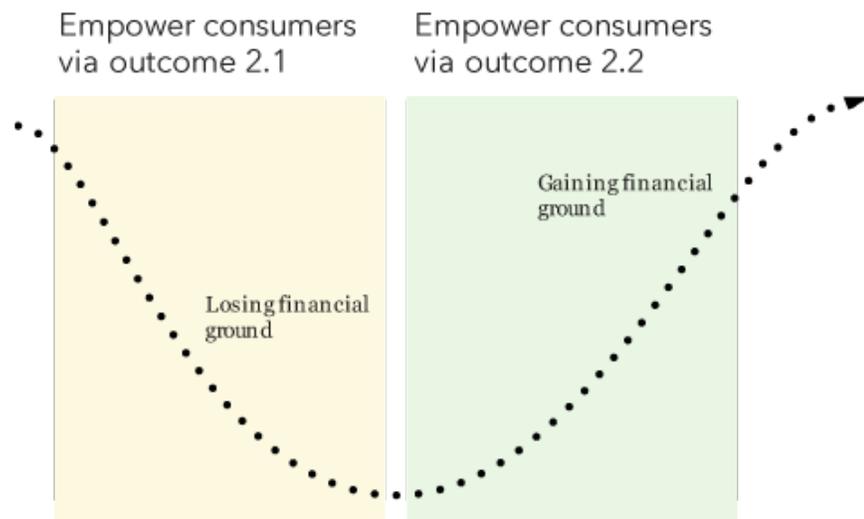
of individuals said that, when obtaining their most recent credit card, they did not collect and compare information about cards from more than one company.

Differences in financial education, capabilities, and skills contribute to this problem. Consumers represent diverse populations with diverse financial needs, choices, and challenges; they seek out information about financial choices using a variety of channels. Therefore, the CFPB must be flexible and adaptable in addressing the highly diverse needs of American consumers.

Despite this diversity, consumers often find themselves in one of four specific financial circumstances at various points in their lives. These stages include learning about financial life, losing financial ground, bottoming out, or gaining financial ground.

## THE CFPB WILL ACCOMPLISH ITS SECOND GOAL BY ACHIEVING TWO OUTCOMES

Path of consumer behavior





Prevent and respond to problems

**Outcome 2.1:** Collect, monitor, respond to and share data associated with consumer complaints and inquiries regarding consumer financial products or services.

**Outcome leader:** Associate Director, Operations

The CFPB provides direct assistance to consumers, in real time, through its Office of Consumer Response. Consumer Response hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints.

### Top consumer complaints

The CFPB’s Office of Consumer Response looked to the experiences of other regulators to understand the types of complaints to expect and used available complaint data to inform its phased rollout of complaint handling by product.

### Consumer complaint categories

Top complaint categories in the FTC Consumer Sentinel Network database (2011)<sup>7</sup>

January 1 - December 31, 2011

1 Identity Theft	11 Foreign Money Offers and Counterfeit Check Scams
2 Debt Collection	12 Health Care
3 Prizes, Sweepstakes, and Lotteries	13 Mortgage Foreclosure Relief and Debt Management
4 Shop-at-Home and Catalog Sales	14 Credit Cards
5 Banks and Lenders	15 Television and Electronic Media
6 Internet Services	16 Business Opportunities, Employment Agencies, and Work-at-Home Plans
7 Auto-Related Complaints	17 Internet Auction
8 Imposter Scams	18 Travel, Vacations, and Timeshare Plans
9 Telephone and Mobile Services	19 Credit Bureaus, Information Furnishers, and Report Users
10 Advance-Fee Loans and Credit Protection/Repair	20 Magazine and Books

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Collect, analyze, and leverage Consumer Response operational data to enable continuous improvement of our services to consumers.



Develop a seamless approach to delivery of appropriate and useful Consumer Response data within the CFPB and to the public so that information is timely, understandable, and maintains consumer privacy.



Automate key internal operational systems, particularly the intake and routing process, in order to effectively scale Consumer Response operations.



Maintain a robust training and development program to support Consumer Response operations as volume and product coverage increase.

### Investments

#### PERSONNEL

Hire additional staff to support intake, investigations, and data analysis in order to review, route, and address consumer complaints.

#### CONSUMER RESPONSE SYSTEM AND CONTACT CENTER SUPPORT

Make system investments in order to support the expansion of complaint handling to new products, improve the ease of use of the consumer and company portals, develop a scalable, risk-based approach to addressing consumer complaints, and make complaint data available to stakeholders through additional portals and to the public.

**CONSUMER RESPONSE OPERATIONAL AND PROGRAM SUPPORT**

Assist Consumer Response’s ongoing internal work to execute and refine its operations strategy, focusing on operational support, performance management support, and performance improvement services.

**WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING THREE PERFORMANCE GOALS**

**Performance goal 2.1.1:** Decrease time between receiving and closing a complaint.

Facilitating efficient handling of a consumer complaint is a key way in which the CFPB provides targeted, meaningful, and accessible assistance and information to empower consumers.

Performance measure

Intake cycle time

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	3 days	3 days
<b>Actual</b>	7 days	N/A	N/A

Company cycle time

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	15 days	15 days
<b>Actual</b>	14 days	N/A	N/A

Consumer cycle time

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	30 days	30 days
<b>Actual</b>	16 days	N/A	N/A

Investigation cycle time

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	45 days	45 days
<b>Actual</b>	78 days	N/A	N/A

**Progress update and future action**

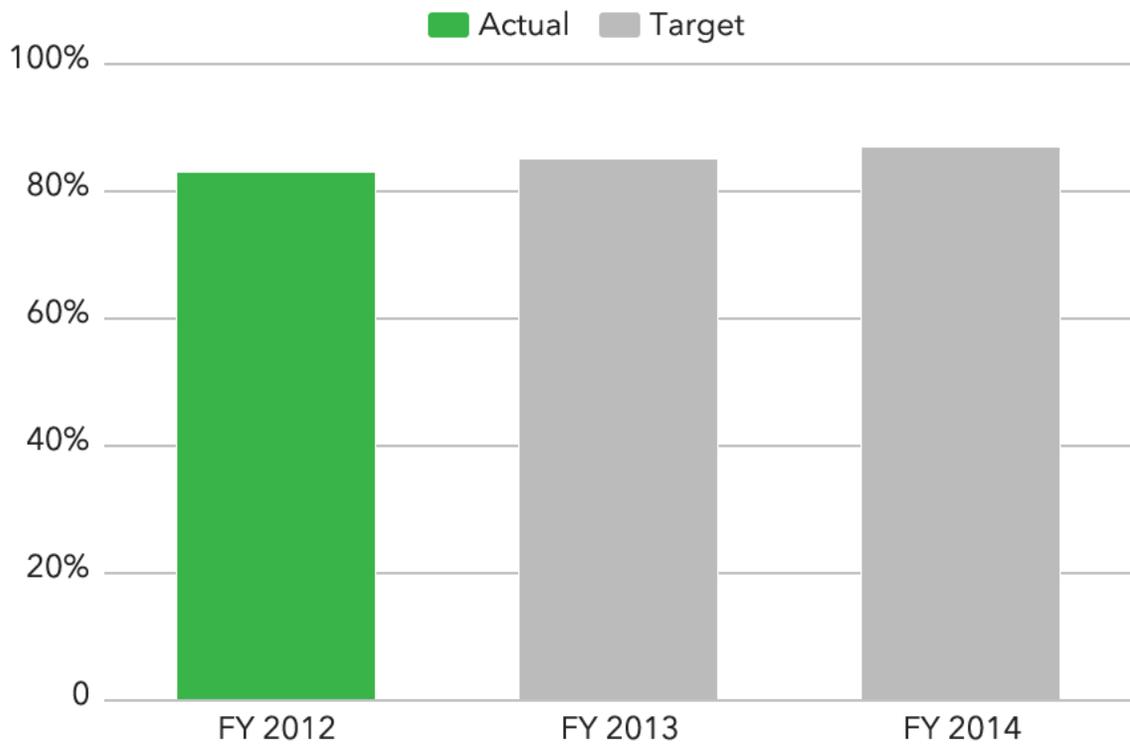
In FY 2012, the Bureau sought to increase efficiencies throughout Consumer Response, including by working with other regulators to increase the automation of complaint referrals and implementing numerous system improvements aimed at minimizing data entry and improving workflow. In FY 2013, the CFPB will continue to improve automation and processing capacity in order to efficiently handle complaints.

**Performance goal 2.1.2:** Facilitate the timely response to consumer complaints by companies.

The CFPB facilitates timely response to consumer complaints by using a dedicated company portal to route complaints to companies for response. Once routed, complaints appear in real time in company portals where companies can review and respond to the complaint, triggering communications to consumers about the company’s response to their complaints.

Performance measure

The percentage of complaints routed through the dedicated company portal



	FY 2012	FY 2013	FY 2014
Target	N/A	85%	87%
Actual	83%	N/A	N/A

Progress update and future action

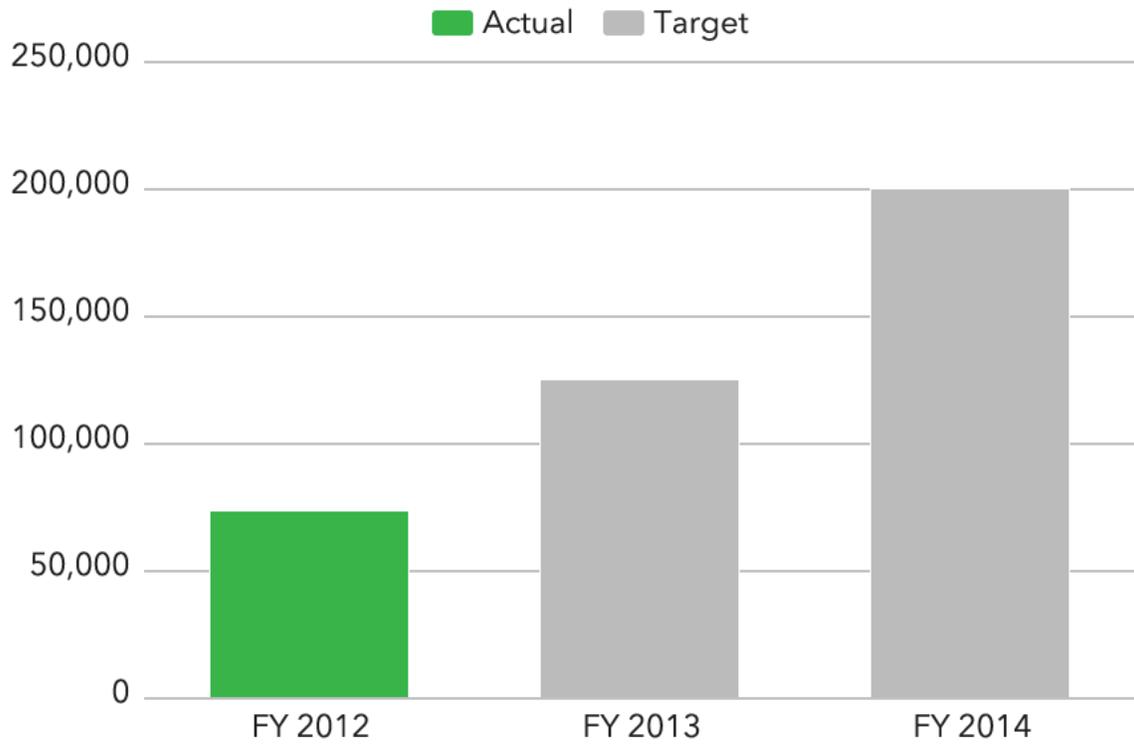
In FY 2012, the CFPB established portal access and trained staff of approximately 400 companies to respond to complaints on the portal. In FY 2013, the Bureau will continue its work related to the launch of additional complaint handling by product and service.

**Performance goal 2.1.3:** Expand capacity to handle consumer complaints.

Consumer complaints shed light on the challenges consumers face in obtaining financial products and services and inform the CFPB’s efforts to make consumer financial markets work better and empower consumers to live better financial lives.

Performance measure

Number of consumer complaints handled



	FY 2012	FY 2013	FY 2014
Target	N/A	125,000	200,000
Actual	74,000	N/A	N/A

Progress update and future action

In FY 2012, the Bureau expanded the products and services about which it accepts complaints beyond credit cards (which began on July 21, 2011), adding the ability to handle mortgage, bank accounts and services, consumer loan, and private student loan complaints. In FY 2013, the CFPB began to accept complaints about credit reporting and plans to accept complaints about other products and services under its authority, including money transfers, debt collection, and payday loans.

The Bureau also launched its Consumer Complaint Database in June 2012, allowing the public to see what issues consumers complain about when they submit credit card complaints, and, in October 2012, expanded the database to include credit card complaint data going back to December 1, 2011.



Enable better financial lives

**Outcome 2.2:** Help consumers understand the costs, risks, and tradeoffs of financial decisions; build trusted relationships that are interactive and informative to help consumers take control of their financial choices to meet their own goals; and raise effectiveness of those who provide financial education services to increase financial literacy.

**Outcome leader:** Associate Director, Consumer Education and Engagement

The CFPB works to provide consumers with the information, knowledge, and financial education needed in order to make well-informed decisions to enhance the financial knowledge and capability of the country as a whole. In addition to improving overall financial capability, the CFPB focuses on addressing the unique financial challenges faced by four specific populations.

## STUDENTS

Population enrolled in colleges and universities<sup>8</sup>

**28 million**

The benefits of higher education are well documented. Four-year college graduates experience a number of economic benefits over high school graduates, including higher median earnings and lower unemployment rates. Evidence indicates that these disparities are growing.<sup>9</sup> Demand for higher education and college financing are at all-time highs. Over the past

decade, the size of the student loan market has been increasing steadily. At over \$1 trillion in loans outstanding, the market for student loans is now the second largest component of household debt after mortgages.<sup>10</sup>

## OLDER AMERICANS

Population age 62 and older<sup>11</sup>

# 50 million

Aging poses a number of unique financial challenges. Older Americans face complicated decisions about finances, retirement, and long-term planning. With the shift from defined-benefit to defined-contribution plans and other forms of “do-it-yourself retirement” such as IRAs, good financial advice and assistance is especially important. Older Americans are frequently targeted for scams and financial exploitation. As people age, their ability to handle finances may decline, putting them at risk of making poor decisions or increasing the risk that they will become victims of financial exploitation by scam artists or even by family members or legal fiduciaries.

## SERVICEMEMBERS

Population (including veterans)<sup>12</sup>

# 22 million

The CFPB believes servicemembers should be able to accomplish their mission without worrying about illegal or harmful financial practices. Military life has extra challenges with powerful financial repercussions for uniformed military personnel, veterans, military retirees, and their families.

## LOW-INCOME AND ECONOMICALLY VULNERABLE

Population

# 68 million

**Adults are unbanked or underbanked<sup>13</sup>**

# 46 million

## Live below the official poverty line<sup>14</sup>

Many consumers cannot or do not access banks, thrifts, or credit unions, and instead, rely on alternative financial services. Low-income and other economically vulnerable consumers are especially likely to use these services. The CFPB focuses on identifying approaches that help this population achieve economic stability and works to ensure that the financial marketplace works for all consumers, including those who have been traditionally underserved.

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Provide tools and information directly to the public to help individuals make decisions about money that will serve their own life goals.



Analyze consumer financial experiences to help shape policy and influence product change to make the financial environment safer and more beneficial for consumers.



Reshape the field of financial education through the identification and widespread dissemination of effective practices.



Collaborate with third parties to encourage the development of effective financial skills and habits.

### Investments

#### PERSONNEL

Hire additional staff to support financial education, consumer engagement, outreach, policy, and research activities.

### **CONSUMER EXPERIENCE PROGRAM**

Enable the CFPB to research, design, develop, launch, and continue optimizing the premier consumer-facing offering available through the CFPB's digital media channels (consumerfinance.gov, social media, etc.). The Consumer Experience Program is a platform for building a trusted relationship with the American public by offering a series of modules that provide actionable advice to consumers navigating the most difficult financial decisions they face in the marketplace.

### **FINANCIAL EDUCATION METRICS STUDY**

Develop and test metrics that effectively measure relevant consumer financial knowledge, behavior, and well-being. The results of this study will help the CFPB, other Financial Literacy and Education Commission agencies, and the broader financial education field to develop and support policies and programs that lead to better financial outcomes for American consumers.

### **FINANCIAL EDUCATION EVALUATION**

Identify evidence-based practices for effective financial education. The study uses a randomized controlled trial design to evaluate two financial coaching programs in order to advance the understanding of interventions that can improve financial decision-making among consumers. The project also will create a peer learning network to promote rigorous research methods among financial education practitioners and researchers.

### **FINANCIAL EDUCATION INFORMATION CAMPAIGN**

Develop multi-language consumer education campaigns on specific topics including print and broadcast media outreach, videos, and low-cost, targeted information to communicate financial education to a diverse range of audiences.

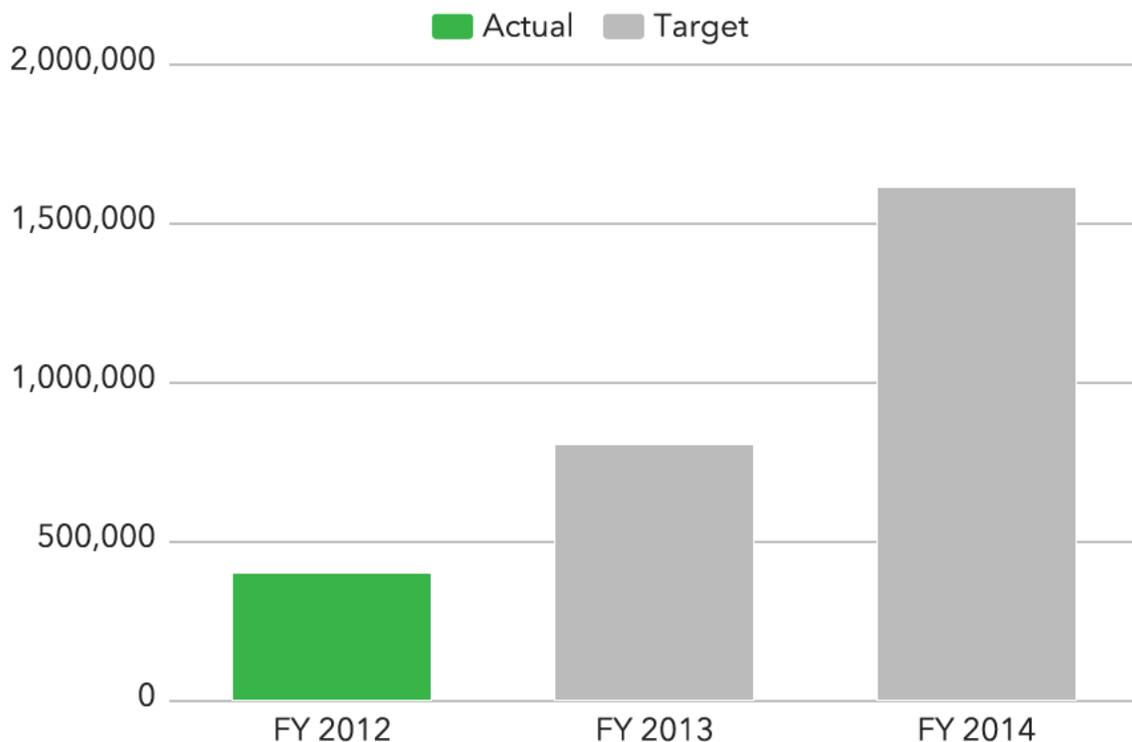
## WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING THREE PERFORMANCE GOALS

**Performance goal 2.2.1:** Significantly increase targeted outreach activities and digital education materials in order to engage consumers at the right moment.

The CFPB works to arm consumers with the knowledge, tools, and capabilities they need in order to make better informed financial decisions by engaging them in the right moments of their financial lives, in moments when the consumer is most receptive to seeking out and acting on assistance. To that end, the CFPB will develop and maintain a variety of tools, programs, and initiatives that provide targeted, meaningful, and accessible assistance and information to consumers at the moment they need it.

### Performance measure

**Targeted populations or organizations directly serving targeted populations reached by digital content, decision tools, educational materials and resources.<sup>15</sup>**



	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	808,114	1,616,228
<b>Actual</b>	404,057	N/A	N/A

**Progress update and future action**

In FY 2012, the CFPB began to provide tools, information, and support directly to the general public and to targeted populations, such as servicemembers, older Americans, and students that enhance consumers’ ability to make better money decisions. Specifically, the CFPB rolled out new components of the Know Before You Owe program focusing on credit cards, mortgages, and student loans. The Bureau has engaged with different groups across the country through more than 320 listening sessions, town halls and roundtables, visits to military installations, and other stakeholder events.

In FY 2013 and beyond, the CFPB will continue to help individuals improve decision-making about money, including credit, savings, and other financial choices through tools and information via the CFPB direct-to-public digital channels, including AskCFPB and the Consumer Experience Program with an emphasis on servicemembers and veterans, older Americans, low-income and economically vulnerable consumers, and students.

**Performance goal 2.2.2:** Improve the understanding of successful financial decision-making approaches by identifying key success factors in financial health.

The CFPB believes that financial education’s primary goal is to improve the financial well-being of consumers. However, very little empirical research has been conducted regarding what variables measure financial health in terms of real-world outcomes for consumers. By defining these variables through data-driven research the Bureau will be able to define what knowledge and skills are associated with financial health. The Bureau will then encourage effective teaching and development of that knowledge and skills by enhancing the effectiveness of financial education and financial capability work in the United States.

Performance measure

**Tools created to identify key success factors in financial education**

**Targets**                      **FY2013:** Identify variables that are likely to be key drivers of financial health

**FY2014:** Develop and test metrics (questions) that accurately measure those variables

**Actuals**

**FY2012:** Contract awarded for research and development project to identify variables and develop metrics

**Progress update and future action**

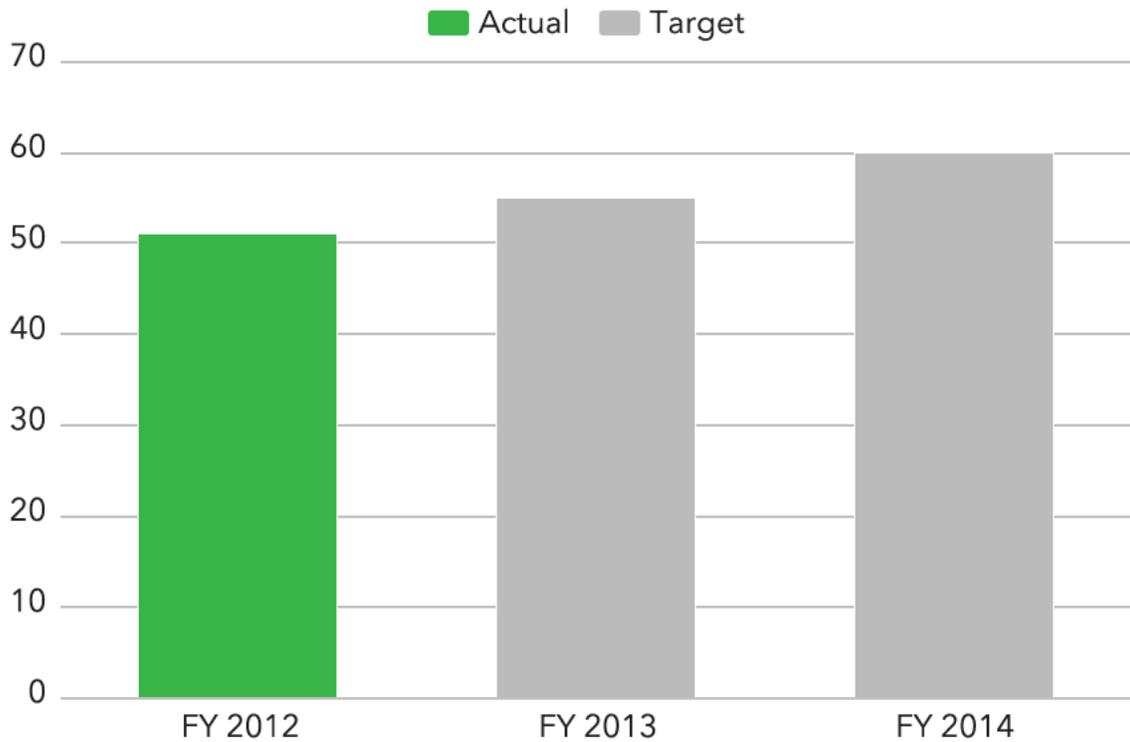
In FY 2012, the CFPB awarded a contract to develop Financial Health Metrics for both working-age and older Americans. In FY 2013, the contractor will conduct research to identify what specific knowledge, behavior, and personal traits are likely to predict financial well-being for American consumers. In FY 2014, the contractor will rigorously develop and test metrics that accurately measure those key variables.

**Performance goal 2.2.3:** Promote fair lending compliance and education by lending and participating in fair lending outreach activities.

As one of its core functions, the Office of Fair Lending 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).) CFPB employees travel throughout the country to meet with industry and advocate groups focused on fair lending issues. Consumer advocates communicate directly with the CFPB, and the CFPB learns about emerging fair lending issues from these groups.

Performance measure

Number of outreach activities on fair lending access to credit



	FY 2012	FY 2013	FY 2014
Target	N/A	55	60
Actual	51	N/A	N/A

Performance goal update and future action

During FY 2012, Bureau staff met with numerous groups focused on fair lending issues. The CFPB also recognized April as Fair Housing and Fair Lending Month. As a part of this initiative, the CFPB released a Compliance Bulletin regarding fair lending, which provided guidance to regulated entities and their affiliates in industry, and released an informative brochure and blog post in order to empower consumers to protect themselves from credit discrimination.

In FY 2013, the CFPB will expand its outreach efforts by participating in over 55 fair lending outreach activities. These events will provide the CFPB and the Office of Fair Lending with the opportunity to promote fair lending compliance and education, identify emerging issues and new risks, and champion fair and equal access to credit.

## Goal 3

Inform the public, policy-makers, and the CFPB's own policy-making with data-driven analysis of consumer finance markets and consumer behavior.

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Understanding how consumer financial markets work, the avenues for innovation in financial products and services, and the potential for risk to consumers is a core component of the CFPB's mission. The CFPB's aim is to ground all of its work — from writing rules and litigating enforcement actions to its outreach and financial literacy efforts — in the realities of the marketplace and the complexities of consumer behavior.

This requires a repository for data; strong partnerships within the CFPB and externally to ensure that we continue to monitor markets effectively; technology tools, and employees with the skills and capabilities needed to analyze data and distill insights.

The CFPB's research will support building an understanding of the markets we regulate and the nature of consumer behavior in these markets. It will also support the consideration of the potential benefits and costs of the CFPB's work to consumers and institutions, including effects on access by consumers to consumer financial products or services.

In all of the data used for its analyses, the Bureau will work to ensure that strong protections are in place around personally identifiable information. Datasets will aggregate information such that no information is personally attributable or identifiable, and research/analysis products resulting from such data will use similarly anonymous information as appropriate. The Bureau treats the information collected from participating persons and institutions consistently with our confidentiality regulations and all data and analyses are subject to legal and privacy review prior to their release.

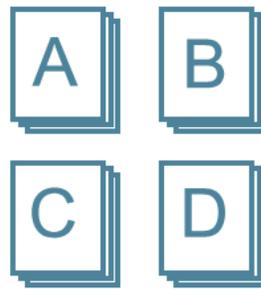
### Goal 3: Budget by Program

	FY 2012	FY 2013	FY 2014
Office of the Director	\$986,927	\$1,329,091	\$1,369,011
Consumer Education and Engagement	\$3,543,441	\$6,082,840	\$7,982,966
Research, Markets, and Regulations	\$17,904,562	\$28,495,429	\$31,378,344
External Affairs	\$1,955,213	\$2,703,166	\$3,698,161
Legal	\$943,381	\$877,938	\$1,218,110
Centralized Services	\$8,920,224	\$22,117,304	\$9,020,354
<b>Totals</b>	<b>\$34,253,748</b>	<b>\$61,605,767</b>	<b>\$54,666,946</b>

## THE CFPB WILL ACCOMPLISH ITS THIRD GOAL BY ACHIEVING TWO OUTCOMES



**Perform evidence-based analysis via Outcome 3.1**



**Disseminate data and use it to inform decision-making via Outcome 3.2**



**Outcome 3.1:** Monitor markets and conduct research to surface financial trends and emergent risks relevant to consumers.

**Outcome leader:** Associate Director, Research, Markets, and Regulations

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Acquire, collect, and maintain the data necessary to properly monitor select markets for emerging risks and positive innovations.



Coordinate with other federal agencies, including the Treasury Office of Financial Research, to ensure the most efficient use of data and avoid duplication.



Build and maintain technological infrastructure required to support market intelligence through the integration of diverse internal and external data.

### Investments

#### PERSONNEL

Hire additional experts in particular industries, as well as additional economists and other researchers.

#### CREDIT CARD DATA

Acquire and maintain a credit card database at the summary and loan-levels covering approximately 80% of the credit card marketplace.

#### EVIDENCE-BASED RESEARCH

Conduct evidence-based research to inform policy-making and build foundational knowledge.

#### HMDA DEVELOPMENT AND IMPLEMENTATION

Support a concept-of-operations study and development of future-state functional requirements in consideration of a potential review/redesign of the current HMDA framework.

#### OTHER MARKET DATA

Acquire and maintain various market datasets in order to support research and regulations activities.

**WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING PERFORMANCE GOAL**

**Performance goal 3.1.1:** Monitor the credit card and mortgage markets through data.

The credit card and mortgage markets are both critical to consumers. Having quantitative data on both markets makes it easier for the Bureau to monitor trends and implications for both consumers and providers. These data also strengthen the evidentiary basis for Bureau policy-making.

Performance measure

**The percentage of the credit card market and the mortgage originations and servicing markets monitored through data**

Credit card

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	80%	80%
<b>Actual</b>	77%	N/A	N/A

Mortgage

	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	95%	95%
<b>Actual</b>	95%	N/A	N/A

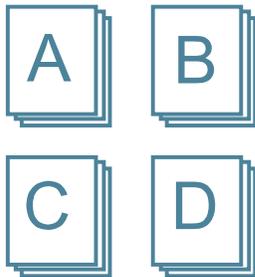
**Progress update and future action**

Loan-level data improves the Bureau’s ability to monitor markets and strengthens the evidentiary basis for policy-making. In FY 2012, the CFPB acquired commercially available datasets to monitor the mortgage market along with a proprietary, loan-level dataset covering the Government-sponsored enterprises’ portion of the mortgage market and a proprietary loan-level dataset covering substantially all of the credit card marketplace. In FY 2013 and FY 2014, the CFPB will maintain those datasets.

In FY 2013 and continuing into FY 2014, the CFPB will continue to partner with the Federal Housing Finance Agency to build the National Mortgage Database (NMDB), the first dataset which will provide a truly representative sample of mortgages and do so at the household level so as to allow analysis of mortgages over the life of the loans, including firsts, seconds, and home equity loans.

Similarly, the CFPB also continues to build its efforts in monitoring the credit card markets. Through a combination of commercially-available, proprietary datasets, as well as planned in-house collection efforts, the Bureau is able to cover a sizable portion of the cards markets with loan-level detail.

In all of the data used for its analyses, the Bureau will work to ensure that strong protections are in place around personally identifiable information. Datasets will aggregate information such that no information is personally attributable or identifiable, and research/analysis products resulting from such data will use similarly anonymous information. The Bureau treats the information collected from participating persons and institutions consistently with our confidentiality regulations and all data and analyses are subject to legal and privacy review.



**Outcome 3.2:** Articulate a research-driven, evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse, inform Bureau thinking on priority areas, identify areas where Bureau intervention may improve market outcomes, and support efforts to reduce outdated, unnecessary, or unduly burdensome regulations.

**Outcome leader:** Associate Director, Research, Markets, and Regulations

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Collect and analyze data in order to improve understanding, regulation, and functioning of consumer financial markets and behavior.



Help to make the market safer for special populations such as students, older Americans, servicemembers and veterans, and economically vulnerable consumers through selected policy work.



Institutionalize cross-Bureau collaboration to ensure our work is informed by the CFPB's internal research and expertise.



Develop and maintain the tools and technology required to effectively, efficiently, and securely disseminate data and research for internal and external audiences.

### Investments

#### PERSONNEL

Expand research capacity in order to achieve Bureau-wide priorities.

#### COMPLIANCE COST STUDY

Study the costs of compliance related to existing and new consumer regulations to improve the Bureau's capacity to write effective rules and ease compliance burden.

#### INNOVATION PILOTS

Design, develop, and arrange for testing of behaviorally-informed strategies to improve consumer financial decision-making.

#### FINANCIAL CAPABILITY RESEARCH PILOT

Conduct an information-gathering and evaluation project to understand the effectiveness of programs designed to build the financial capability of economically vulnerable consumers through integrated service delivery or bundled products.

**WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING PERFORMANCE GOAL**

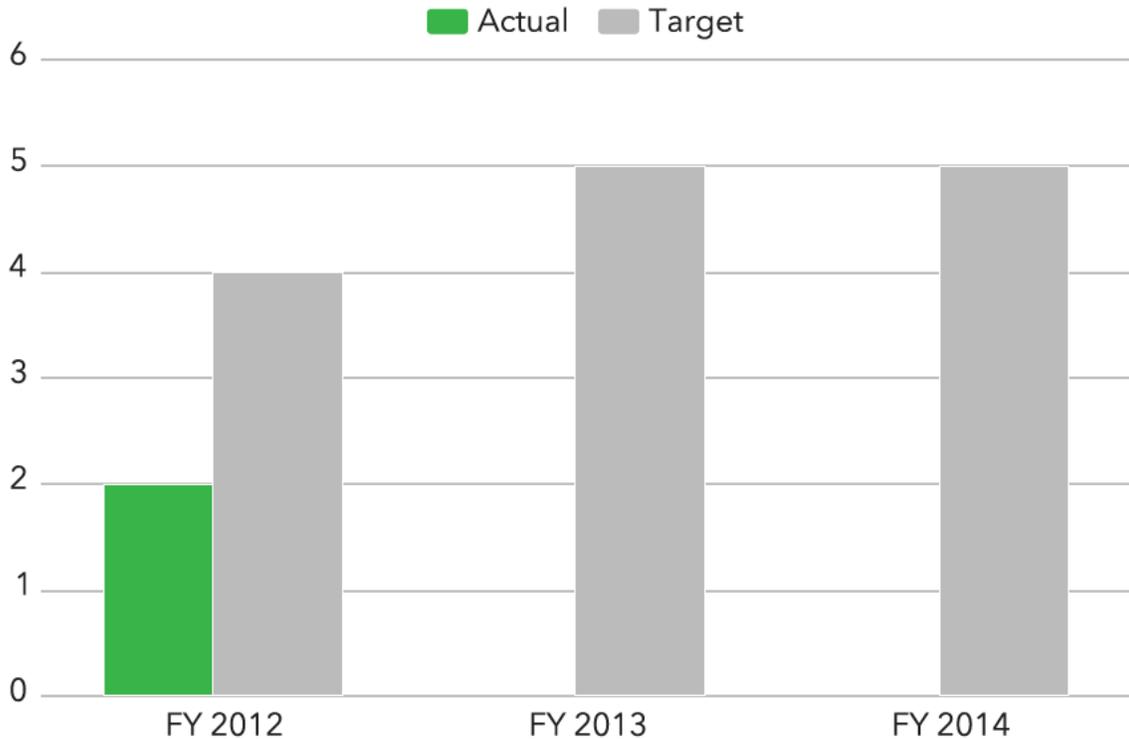
**Performance goal 3.2.1:** Increase the number of reports produced about specific consumer financial products, markets, or regulations and on consumer decision-making.

The Bureau conducts qualitative and quantitative research to deepen understanding of 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.

Bureau and independent research are intended to provide the Bureau and other policy-makers with a stronger evidentiary foundation for policy-making. They are also intended to inform the public and enhance the public’s participation in policy-making.

**Performance measure**

**Reports produced about specific consumer financial products, markets, or regulations and on consumer decision-making**



	FY 2012	FY 2013	FY 2014
<b>Target</b>	4	5	5
<b>Actual</b>	2	N/A	N/A

**Progress update and future action**

Preparing reports is central to the Bureau’s commitment to evidence-based policy-making. The Bureau issued four reports in calendar year 2012. These reports are intended to deepen the public’s understanding of these issues and provide the Bureau and other policy-makers with a stronger factual foundation on which to make policy judgments. Reports on Private Student Loans and Reverse Mortgages were published in FY 2012. Two reports on credit reporting were released in early FY 2013: one focused on Credit Scores in October and another focused on the Credit Reporting System in December. The slight delay in releasing these two reports caused us to miss our FY 2012 target.

The Bureau demonstrates its commitment to timely issuance of reports by meeting its statutory deadlines. In FY 2012, the Bureau met its statutory deadlines with regard to the release of reports.

The Bureau has information gathering and other data analysis underway that will yield public reports in FY 2013 or FY 2014. These research areas include: the role that consumer reporting agencies play in checking account access and banks’ determination of eligibility for accounts; the effects of the CARD Act on consumers; the cost of complying with consumer financial regulations; the implications of overdraft protection programs for consumers; student loans; senior certifications; and military servicing issues.

# Goal 4

Advance the CFPB’s performance by maximizing resource productivity and enhancing impact.

In order to maximize the effectiveness of the consumer protections established by Federal consumer financial law, the CFPB must acquire, maintain, support, and direct its resources in a way that enables it to operate efficiently, effectively, and transparently. This means developing, maintaining, and continuously improving the policies and controls in place to ensure the CFPB has the resources it needs and puts those resources to the best use possible.

A key mission of the CFPB is to make financial products and services more transparent in the consumer marketplace. The CFPB will strive to achieve the same level of commitment to transparency in its own activities, while respecting consumer privacy and confidentiality. To accomplish this, the CFPB will develop and implement mechanisms and provide channels to maintain an open, collaborative dialogue with the public.

## Goal 4: Budget by Program

	FY 2012	FY 2013	FY 2014
Office of the Director	\$986,927	\$1,329,091	\$1,369,011
Operations	\$50,832,629	\$79,673,162	\$89,842,577
Legal	\$1,955,213	\$2,495,230	\$3,100,779
External Affairs	\$943,381	\$3,160,575	\$4,216,533
Centralized Services	\$17,228,148	\$54,021,629	\$21,026,961
<b>Totals</b>	<b>\$71,946,298</b>	<b>\$140,679,687</b>	<b>\$119,555,861</b>

**Outcome 4.1:** Attract, engage, and deploy a workforce that meets dynamic challenges and provides effective oversight of the consumer financial marketplace.

**Outcome leader:** Associate Director, Operations

As a relatively new government agency, the CFPB has a unique and vital opportunity to create an innovative, 21st century organization. To that end, the CFPB will continue to identify and adopt best practices from the private and public sectors to hire, train and develop a diverse world-class workforce with the knowledge, skills and abilities required to effectively achieve our mission.

## THIS OUTCOME WILL BE ACCOMPLISHED BY THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Recruit and retain a high-quality, diverse staff through effective workforce planning and talent acquisition methods, strong engagement, a comprehensive diversity and inclusion program, and a competitive compensation and benefits package.



Create and sustain a high-performing workforce through innovative workforce learning, development and performance-management programs.



Develop human capital infrastructure by creating human capital policies, improving human capital information systems, effectively allocating and prioritizing resources, and using mutual accountabilities to achieve desired human capital outcomes.



A more detailed discussion of the strategies and activities in support of this outcome are included in the Bureau's annual report to Congress on human capital activities.

### Investments

#### PERSONNEL

Continue to build internal capacity within Human Capital to facilitate the hiring of high-performing, diverse employees across the Bureau.

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

Contract with the Department of the Treasury 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, consumer financial market overview, new supervisor training, leadership training, and manager skill-building through coaching and organization development services.

### **OUTREACH, CANDIDATE RECRUITING, AND CANDIDATE SELECTION SUPPORT**

Invest in candidate outreach, sourcing, recruiting, and selection support services to reach, attract, and hire high-performing, diverse staff. Invest in services such as print and social media, key-role search and outreach, strategic, tailored candidate assessment methods to improve decision-making.

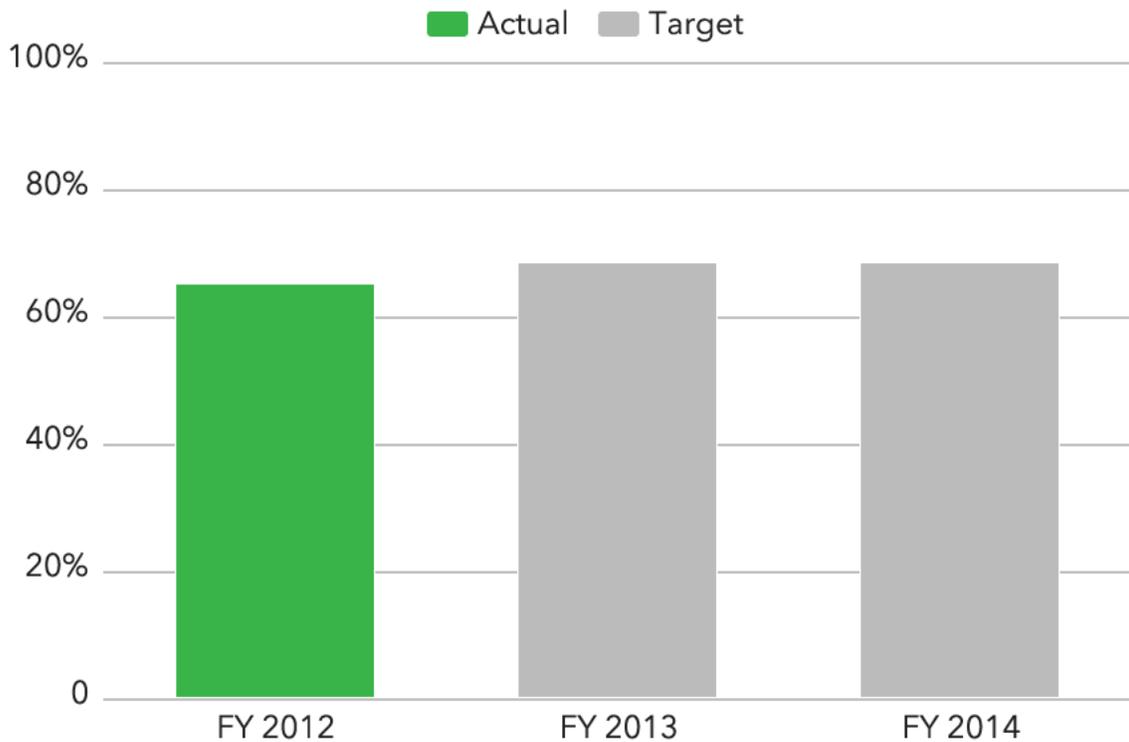
## **WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING TWO PERFORMANCE GOALS**

**Performance Goal 4.1.1:** Recruit and retain high-performing, diverse employees with the right skills and abilities to meet mission driven goals and objectives.

A wide array of skills and abilities, which represent diversity and organizational makeup, is required for success in achieving our mission. We will assess progress toward achieving this goal using a workforce profile metric and a measure of employee and manager assessments of the skills of the workforce.

Performance measure

**Annual Employee Survey (AES) rating on perceptions of technical competence of the CFPB staff (% favorable)<sup>16</sup>**



	FY 2012	FY 2013	FY 2014
<b>Targets</b>	N/A	68.5%	68.5%
<b>Actuals</b>	65%	N/A	N/A

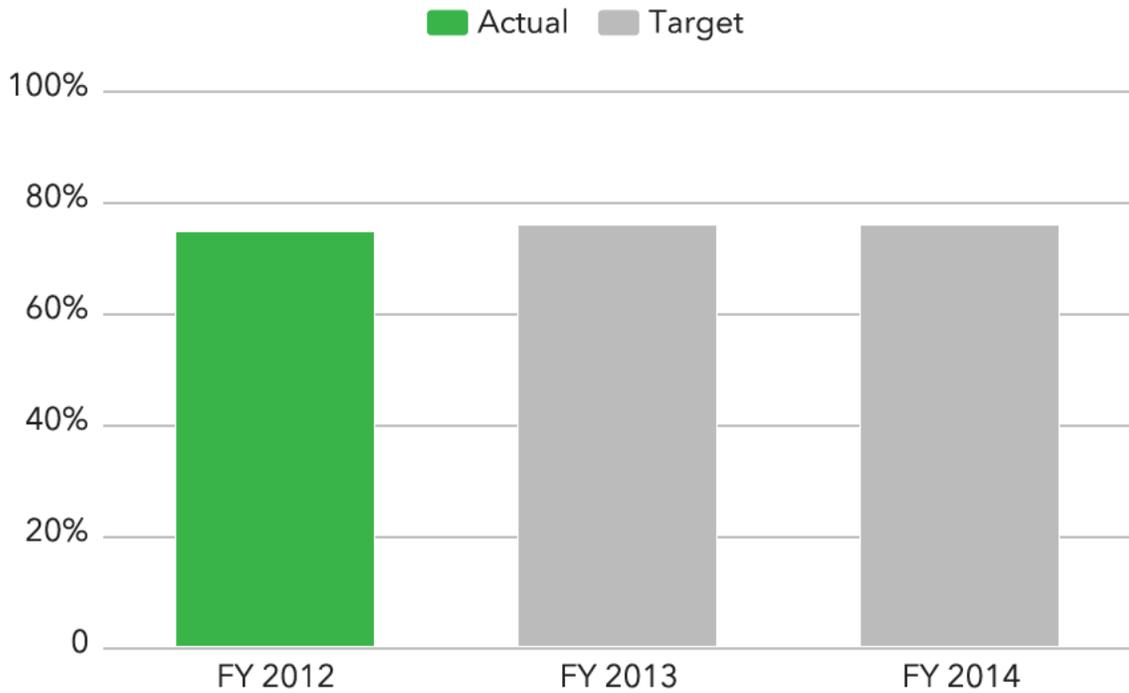
**Progress update and future action**

In FY 2012, the CFPB recruited and hired a strong and talented employee base, growing from 663 employees at the beginning of FY 2012 to 970 at fiscal year’s end. The Bureau established workforce planning processes and organizational structures allowing for more precise identification of position needs and successful incumbent attributes.

In the future, the CFPB will continue to recruit strong talent for the Bureau, including utilizing the Pathways program for students, interns and recent graduates as a regular and recurring avenue to recruit; and will continue to enhance candidate assessment tools and processes to optimize candidate selection.

Performance measure

**Annual Employee Survey rating on perceptions of workplace diversity and inclusiveness of the CFPB staff (% favorable)<sup>17</sup>**



	FY 2012	FY 2013	FY 2014
<b>Targets</b>		76%	76%
<b>Actuals</b>	74.8%		

**Progress update and future action**

In FY 2012, the Bureau established the Office of Minority and Women Inclusion (OMWI) and built out our Talent Acquisition Team strategy to focus on outreach and recruiting a diverse applicant pool and workforce.

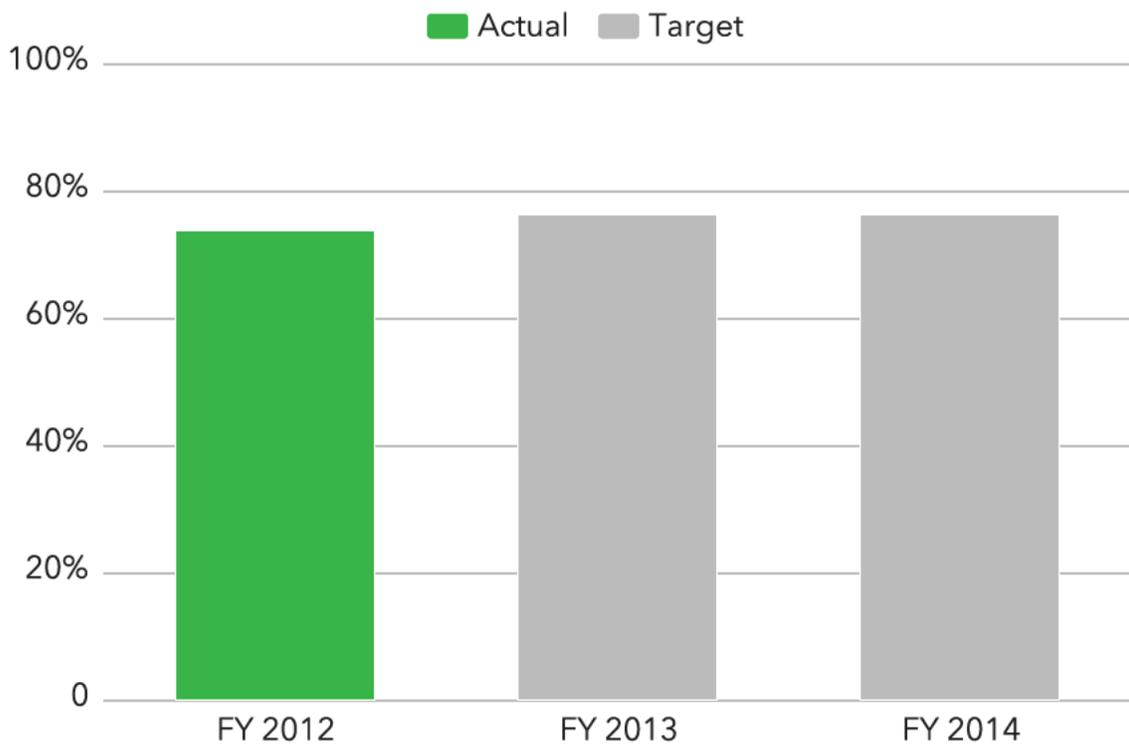
In the future, the CFPB will continue its efforts to recruit highly qualified and diverse candidates for a vibrant workforce.

**Performance goal 4.1.2:** Increase the level of employee engagement.

Engagement has been described as a state of passion and commitment to the organization’s goals on the part of each employee, which leads to their willingness to invest discretionary effort to ensure success. In the case of the Bureau, maintaining the initial motivation and excitement of the new workforce is critical to our future success. Individual employees’ perception of the level of employee engagement is one way to measure the Bureau’s success engaging its employees.

Performance measure

**Annual Employee Survey engagement composite rating (% favorable)<sup>18</sup>**



	FY 2012	FY 2013	FY 2014
<b>Target</b>	N/A	76.5%	76.5%
<b>Actual</b>	74%	N/A	N/A

### Progress update and future action

In FY 2012, the CFPB established a Communications and Employee Engagement focus within Human Capital's Talent Management team; continued Bureau-wide employee culture and communication initiatives such as the CFPB Culture Team (a cross functional, employee-led team supporting Bureau-wide employee engagement efforts and initiatives), the CFPB Connection, and several Bureau-wide communication tools; hosted and sponsored well attended Lunch and Learn sessions covering a variety of topics with both internal information sharing and invited expertise; and initiated and facilitated strong participation in the inaugural Annual Employee Survey with 74% response rate Bureau-wide.

In the future, the Bureau will facilitate action planning to target employee engagement issues identified by the Annual Employee Survey and will implement a new charter for the CFPB Culture Team.

**Outcome 4.2:** Enable the innovative use of technology for the benefit of efficient internal processes and effective public engagement.

**Outcome leader:** Associate Director, Operations

The CFPB is committed to staying on the leading edge of technology and leveraging its technological resources to provide significant business value with lower costs. From developing online products that help inform consumers to making critical data available internally and to the public, technology is and will continue to be core to the CFPB accomplishing its mission.

We believe technology has a key role to play in creating an organization that, despite its size and the physical distance that separates its staff, still feels and acts like a small team instead of a large bureaucracy. The CFPB will leverage technology to create a streamlined organization that effectively communicates information across teams and through the hierarchy, unifies the organization with common tools and methods for getting things done quickly and easily, and creates a strong culture and an environment of teamwork and collaboration where all staff members are contributing to each other's missions.

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Develop a set of implementable data standards that help consumers shop for financial products.



Build a behavioral research and user testing practice in order to ensure maximally usable product design.



Build a next-generation open data catalog.



Establish a secure, responsive and cost-effective technology infrastructure to enable a 21st century agency.



Continue to build, develop and improve next-generation online tools that help consumers understand financial products.



Maintain a robust platform for the public to visualize and make use of data maintained by the Bureau, such as consumer complaint data.

### Investments

#### PERSONNEL

Hire additional staff to enable the organization's continued support of Bureau activities including managing, operating and safeguarding the IT systems that host and store the CFPB's data; designing, and developing tools to facilitate data-driven analysis and consumer education; and implementing a 21st century cloud-based infrastructure that serves as the foundation for innovative technology.

#### INFRASTRUCTURE

Facilitate the CFPB's infrastructure independence efforts by allowing for the migration of critical services including Blackberry, File, E-mail, and Remote Access to a flexible, scalable CFPB-managed infrastructure capable of sustaining the Bureau's future growth. This new infrastructure will enable the Bureau to leverage technology not feasible today, such as wifi, consumer devices, videoconferencing, enhanced collaboration systems, and more.

### **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.

### **DESIGN AND SOFTWARE DEVELOPMENT SUPPORT**

Continue to strengthen the Bureau's capacity to design, develop, implement and maintain new tools with enhanced capabilities, features and functionalities for a variety of business applications that support the Bureau's mission.

### **IT PROGRAM SERVICES AND SUPPORT**

Provide management and support to multiple business lines across the enterprise to ensure the effective planning, coordination, and implementation of information technology programs and services.

### **BUSINESS INTELLIGENCE**

Continue to develop a common tool for performing essential data analysis and continue to maintain tools for more complex statistical analysis.

### **CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**

Implement a Bureau-wide system that will enable employees to have a consistent view of entities with which the Bureau engages. The CRM system will be integrated into other Bureau systems so that a comprehensive picture for any entity is possible.

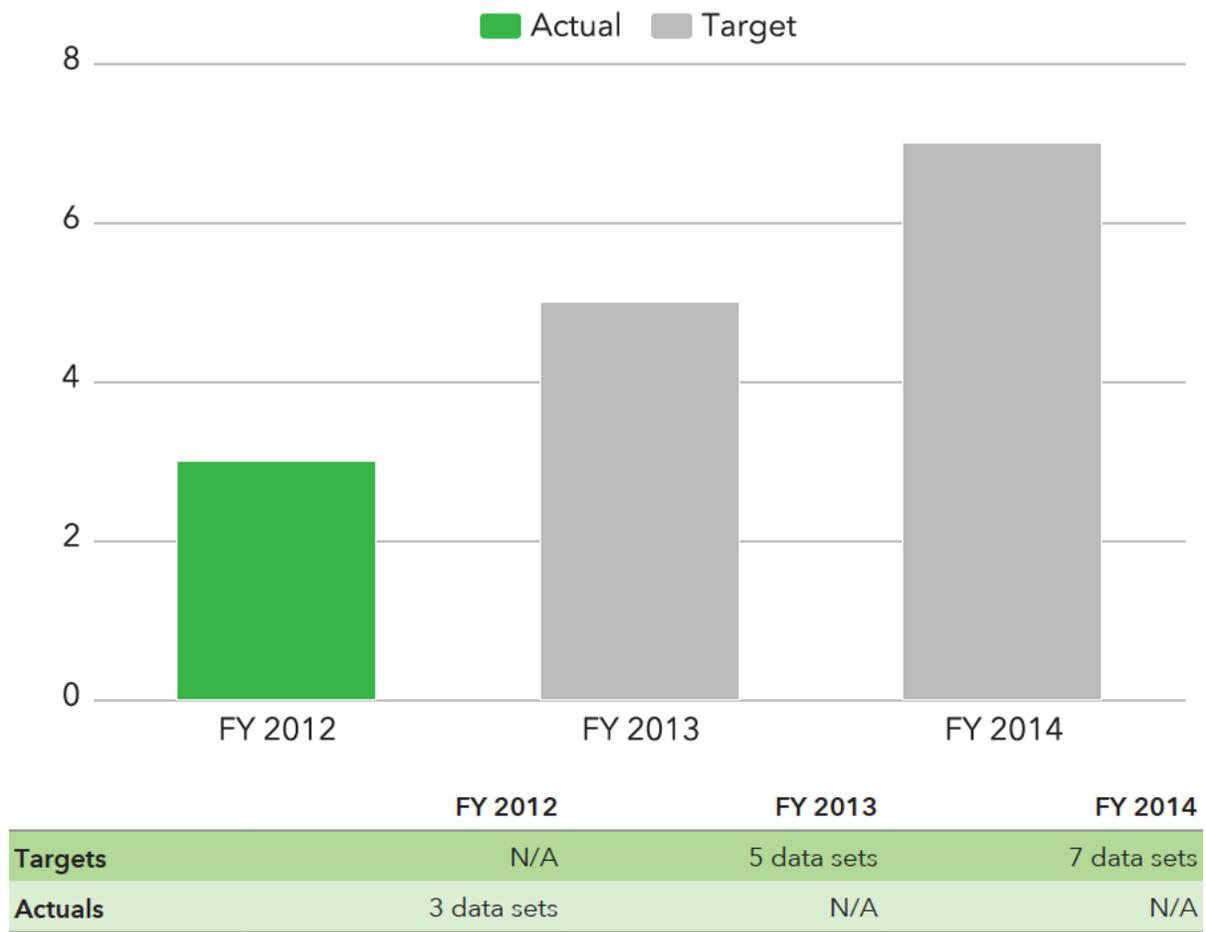
WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING TWO PERFORMANCE GOALS

**Performance goal 4.2.1:** Release new datasets to the public, where legally permissible and appropriate, to allow for innovative uses of the data by individuals, non-profit entities, and businesses for the benefit of consumers.

The public uses data released by the government to build tools and provide resources to consumers to help them make the best financial decisions. The CFPB wants to support a culture of information and transparency by releasing useful data to the public when doing so is legally permissible and appropriate.

Performance measure

**Provision of data to the public in legally permissible and appropriate instances<sup>19</sup>**



**Progress update and future action**

In FY 2012, the CFPB released three datasets including the Consumer Complaint Database, the Credit Card Agreement Database and the College Credit Card agreements. The Consumer Complaint Database contains certain individual-level field data collected by the CFPB, including the type of complaint, the date of submission, the consumer’s zip code, and the company that the complaint concerns. The database also includes information about the actions taken on a complaint — whether the company’s response was timely, how the company responded, and whether the consumer disputed the company’s response. The Credit Card Agreement database provides approximately 200 different credit card agreements in a public database so that consumers can compare them. The college credit card dataset provides information on agreements between credit card issuers and institutions of higher education. The CFPB plans to release an additional two large datasets in FY 2013. When releasing datasets, the Bureau protects certain data in the database from public disclosure, including personally-identifiable information, in accordance with applicable laws and regulations.

**Performance goal 4.2.2:** Improve the efficiency of internal processes and procedures.

Technology can help us improve the efficiency of the CFPB so that we serve more consumers in a better way.

Performance measure

**Efficiency of internal processes and procedures**

**Targets**

**FY 2013 Milestones**

1. Deploy a business intelligence tool
2. Deploy a business process automation platform and develop applications leveraging the platform

**FY 2014 Milestone**

1. Deploy a market monitoring tool

**Actuals****FY2012 Results:**

1. Launched AskCFPB
2. Launched an upgrade of the Intranet including an upgraded wiki, personnel directory, and internal news feed
3. Deployed a performance management system

**Progress update and future action**

In FY 2012 the CFPB launched AskCFPB to provide a forum for the public to ask questions about our Bureau. AskCFPB ensures that the Bureau provides consistent information to consumers – whether through the phone or online. It has also helped the Bureau understand what topics consumers are interested in and how consumers are searching for information. AskCFPB enables employees across the Bureau to obtain the best intelligence/answer available and to give it to those who needed it, quickly.

In FY 2013, the Bureau plans to implement a business intelligence tool, which will provide a user-friendly platform for exploring and analyzing data; the Bureau will also implement a business process automation platform that will improve the efficiency of internal processes and procedures. In FY 2014, the Bureau will implement a market monitoring tool.

**Outcome 4.3:** Enable the operation of a high-performing organization by ensuring effective and efficient management, protection of the CFPB resources, rigorous internal controls, and full compliance with the law.

**Outcome leader:** Associate Director, Operations

The CFPB has the obligation to act as a good steward of public funds. The CFPB will monitor its operations and conduct periodic evaluations to ensure it maintains good financial practices and robust internal controls.

## THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS

### Strategies



Use data to supervise and coordinate all financial operations of the Bureau consistent with the requirements of laws and regulations.



Develop a team of high-performing professionals with expertise in budget, financial management, procurement, internal controls and travel operations.



Develop and maintain integrated accounting and financial management and travel systems in order to support the effective execution of resources.

### Investments

#### PERSONNEL

Hire additional staff to ensure resources continue to be used efficiently and effectively, and transparency and accountability are maintained.

#### AUDITS OF THE BUREAU

Continue to work with the Office of Inspector General (OIG) of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection, the Government Accountability Office (GAO), and an independent contractor for external auditing and oversight of the Bureau's programmatic and financial operations.

#### 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 CONTROLS

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), and the objectives on financial reporting as established under 31 U.S.C. Sec. 3512(c) and applicable sections of OMB Circular A-123.

## WE WILL ASSESS OUR PROGRESS THROUGH THE FOLLOWING THREE PERFORMANCE GOALS

**Performance goal 4.3.1:** Obtain an unqualified "clean" audit opinion on the CFPB's financial statements.

An unqualified opinion from GAO of the CFPB's internal operations confirms that the Bureau maintains sound financial practices and robust internal controls.

### Performance measure

#### Unqualified "clean" audit opinion on financial statements

**Targets**                      **FY 2013:** Unqualified  
   **FY 2014:** Unqualified

**Actuals**                      **FY 2011:** Unqualified  
   **FY 2012:** Unqualified

### Progress update and future action

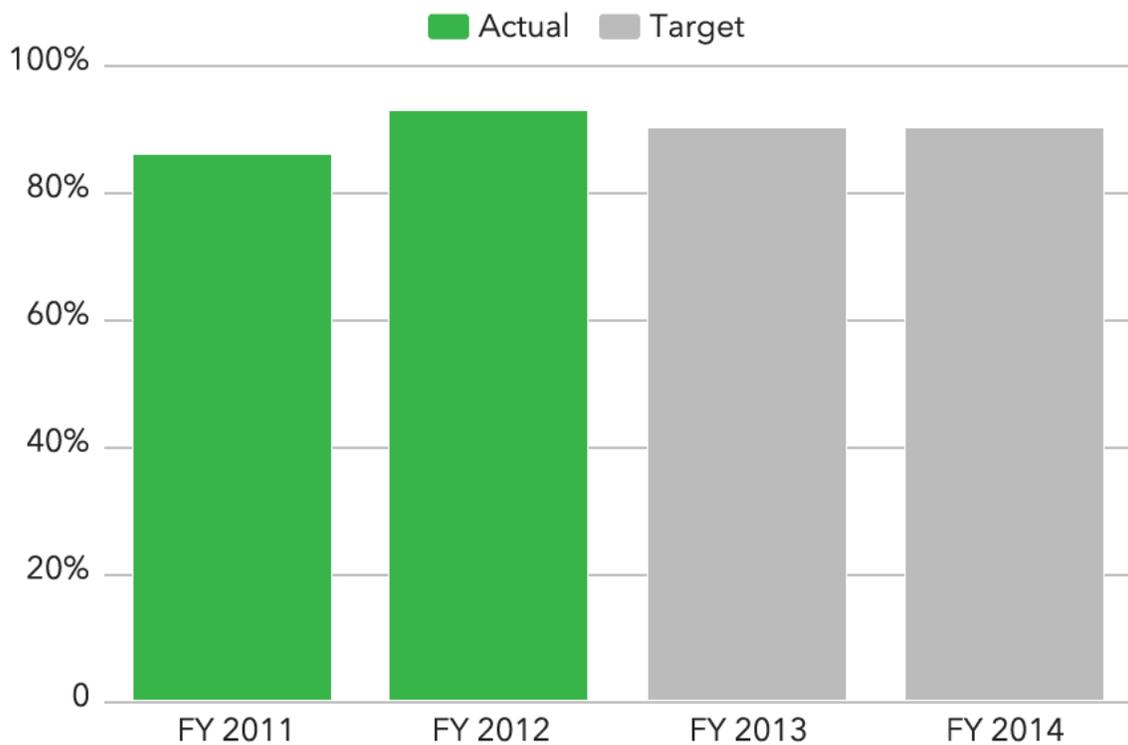
The CFPB received an unqualified opinion from the GAO on its FY 2012 financial statements. GAO also provided an unqualified opinion on the Bureau's FY 2011 financial statements. These opinions confirm that the CFPB has implemented effective internal controls over the efficiency of operations, compliance with laws and regulation, and financial reporting. The CFPB will continue to maintain a robust internal control framework over operations and financial reporting.

## Performance goal 4.3.2: Award 90% of contracts competitively.

Competing procurement actions allow for competitive market pricing, stronger proposal submissions, and a distributed vendor base in support of the Bureau. Public value is also derived as money is being spent effectively.

### Performance measure

#### Percentage of contracts competitively awarded



	FY 2011	FY 2012	FY 2013	FY 2014
<b>Targets</b>	N/A	N/A	90%	90%
<b>Actuals</b>	86%	93%	N/A	N/A

### Progress update and future action

The CFPB has increased competition in FY 2012 vs. FY 2011 by 7%, from 86% to 93%. We are currently tracking competition on a monthly basis and reporting data measurements within the agency. Our competition goal will never be 100% as the Bureau has routine service and supply needs that are exempt from competition (i.e. Bloomberg terminal subscriptions, postage, etc.).



In FY 2013, the Bureau will continue to build the infrastructure necessary to effectively distribute funding to eligible victims.

**Outcome 4.4:** Increase public confidence in consumer financial markets by maintaining the CFPB’s transparency, accountability, and meaningful channels for feedback.

**Outcome leader:** Associate Director, External Affairs

Since transparency is at the core of how the CFPB operates, the CFPB will provide clear information both on the use of resources and on its performance. To that end, the CFPB will communicate substantively and frequently across a wide range of external stakeholders, including industry and consumer groups. The CFPB aims to actively engage all stakeholders that could potentially be affected by the Bureau, with the understanding that there is much insight to be gained from varied stakeholders representing distinct points of view.

**THIS OUTCOME WILL BE ACCOMPLISHED THROUGH THE FOLLOWING STRATEGIES AND INVESTMENTS**

**Strategies**



Gather input from stakeholders on the CFPB's policies and operations to ensure the Bureau is effectively communicating its activities, meeting transparency goals, and actively soliciting feedback.



Enhance program efficiency through regular analysis of operations data.



Maintain and enhance a highly effective and usable online presence that supports multiple digital services.

**Investments**

**PERSONNEL**

Hire additional staff to assist in maintaining a robust dialogue with various stakeholders in order to promote understanding, participation, transparency, and accountability.



# Appendix

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## PROGRAM EVALUATIONS

The CFPB has an expansive, vital mission yet limited resources to achieve its goals. Our vision helps to guide us in the right direction, our values set expectations for how we get there; and our strategy helps to focus our energies on areas that offer the greatest potential impact.

It is also important for us to step back, evaluate our recent past performance, and plan for that which is to come. In order to ensure the Bureau's programs and strategies are effectively achieving its goals, the Bureau uses a variety of processes and reports to periodically evaluate its performance and course correct when necessary.

### **Government Accountability Office**

The GAO conducts studies or investigations related to the CFPB's programs every year. In FY 2012, GAO's reports included studies on the benefits and costs associated with implementing the Dodd-Frank Act; the Dodd-Frank Act's impact on community banks and credit unions, troubled mortgages and the Troubled Asset Relief Program; and, the operations of the Financial Stability Oversight Council and the Office of Financial Research, among other areas. In addition, GAO performs an annual audit of the CFPB's financial statements and internal controls, as required by the Dodd-Frank Act.

### **Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection**

The OIG is an independent oversight authority within the Board of Governors of the Federal Reserve System that conducts audits of programs and operations of the CFPB and investigations into allegations of potential misconduct by staff or contractors. The mission of the OIG is to detect fraud, waste and abuse, and to promote integrity, economy, efficiency and effectiveness in the CFPB's programs and operations. The OIG's audit reports are available on the OIG's website.

### **Independent Performance Audit**

In accordance with the Dodd-Frank Act, the CFPB orders an annual independent audit of the operations and budget of the Bureau. The purpose of this audit is to provide objective analyses to improve program performance and operations, reduce costs, facilitate decision-making, and contribute to public accountability. The audits for FY 2012 and FY 2011 are available on the Bureau's website.

### **Quarterly Performance Reviews**

On a quarterly basis, the CFPB executives, including all Goal Leaders, review progress toward achieving the Bureau's strategic goals and outcomes, in part using the performance goals and measures outlined in this plan. At these points, course corrections are made as needed.

## **EXTERNAL CONSULTATION**

In accordance with statute, the Bureau sought input from Congress on its Strategic Plan several times during the drafting process. In addition, the Bureau posted the Strategic Plan on its website for 30 days in order to give the public the opportunity to provide comments.

## **VERIFICATION OF PERFORMANCE DATA**

The CFPB will strive to ensure that the information reported in performance documents and the processes used to develop that information is complete and reliable. As an example of existing validation and verification processes, the Bureau is subject to an annual independent audit of operations and budget, as required by Sec. 1573 of Public Law 112-10, which includes a review of the CFPB's performance-based budgeting processes and data validation and verification policy and procedures.

In its FY 2013 - 2017 Strategic Plan, the CFPB is establishing a number of new performance measures in order to assess progress. In some instances, the Bureau does not have sufficient data in order to set targets for FY 2013. In these cases, the Bureau will establish a baseline in this fiscal year, and set targets starting in FY 2014.

## **EXTERNAL FACTORS**

Key external factors beyond the Bureau's control have the potential to impact the CFPB's ability to effectively achieve its strategic goals and objectives.

It is anticipated that markets in both U.S. and foreign financial services sectors will evolve over time. These future changes must be monitored, as they will impact the work of the CFPB in protecting consumers and addressing a continually changing financial environment.

Additional external factors are discussed throughout the Strategic Plan in the context of our goals and outcomes.

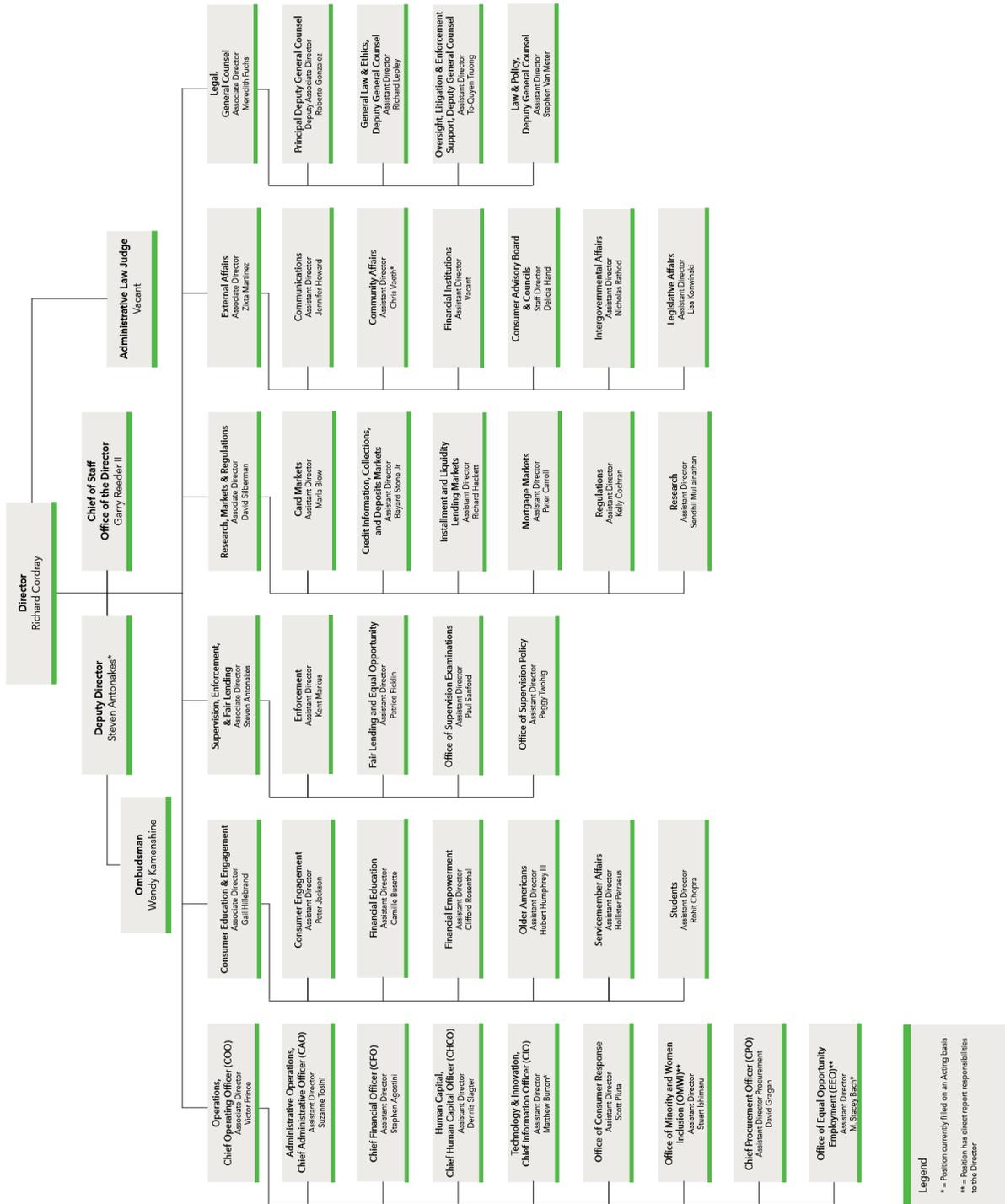
## MANAGEMENT CHALLENGES

The Congress, in implementing the Dodd-Frank Act, followed a long-established precedent in providing the CFPB with funding outside of the congressional appropriations process to ensure full independence as the Bureau supervises and regulates providers of consumer financial products and services and protects consumers. Congress has consistently provided for independent funding for bank supervisors to allow for long-term planning and the execution of complex initiatives and to ensure that banks are examined regularly and thoroughly for compliance with the law.

The CFPB supervises over 100 very large depository institutions, including the largest, most complex banks in the country. In addition, it has been charged by Congress with responsibility for supervising thousands of nonbank providers of consumer financial products and services. Effective supervision that assures a level playing field between bank and nonbank institutions requires dedicated and predictable resources, and independent examiners.

Although Congress provided the CFPB with a source of funding outside the appropriations process, the CFPB is nonetheless the only bank supervisor with a statutory cap on its primary source of funding. If the Director were to determine that the non-appropriated funds to which it is entitled under the Dodd-Frank Act are insufficient to carry out its responsibilities, section 1017 (e) of the Dodd-Frank Act authorizes the CFPB to also obtain appropriated funds through FY 2014, up to a capped amount and subject to apportionment. In accordance with the Dodd-Frank Act and appropriations law requirements, further action would be required on the part of the Director and Congress in order for the CFPB to obtain such appropriated funds. These additional funds would be subject to apportionment under section 1517 of Title 31, United States Code, and restrictions that generally apply to the use of appropriated funds in Title 31, United States Code, and other laws.

# ORGANIZATION CHART



Organizational chart current as of February 27, 2013

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# Endnotes

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1. Federal Reserve Board, "2010 Survey of Consumer Finances," tables 13 – 10, 6 – 10 based on public data, last updated 7/19/2012, [http://www.federalreserve.gov/econresdata/scf/scf\\_2010.htm](http://www.federalreserve.gov/econresdata/scf/scf_2010.htm) (Last viewed 8/23/2012)
2. This measure does not include interagency rulemakings, rulemakings inherited from the Federal Reserve Board, and rulemakings on which the Bureau expects to do further quantitative research following the receipt of public comments.
3. This rule amended the Bureau's February 2012 final remittance rule, which finalized a rulemaking initiated by the Federal Reserve Board.
4. The indicator above counts separately all HMDA reviews and ECOA reviews. The overall supervision activities indicator includes ECOA reviews and stand-alone HMDA reviews that are also counted in the fair lending supervision activities indicator. However, the overall supervision activities indicator does not separately count HMDA reviews that are performed as part of a mortgage ECOA review.
5. Federal Reserve Board, "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," Federal Reserve Bulletin, Vol 98, No 2, June 2012, pp. 28, 61, <http://www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf> (Last viewed 8/23/2012)
6. FINRA 2009 Investor Education Foundation's Financial Capability Study, <http://www.usfinancialcapability.org> (Last viewed 8/23/2012)
7. Federal Trade Commission's Consumer Sentinel Network Data Book for January through December 2011, February 2012, <http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2011.pdf> (Last viewed 8/23/2012)
8. U.S. Department of Education, National Center for Education Statistics, Fall 2009 and Fall 2010, table prepared February 2012, [http://nces.ed.gov/programs/digest/d11/tables/dt11\\_230.asp](http://nces.ed.gov/programs/digest/d11/tables/dt11_230.asp) (Last viewed 8/23/2012)

9. College Board Advocacy and Policy Center, "Education Pays 2010 In Brief: The Benefits of Higher Education for Individuals and Society," 2010, <http://trends.collegeboard.org/sites/default/files/brief/education-pays-2010-in-brief.pdf> (Last viewed 2/14/2013)
10. The Department of Education and Consumer Financial Protection Bureau, "Private Student Loans Report," July 20, 2012, <http://www.consumerfinance.gov/reports/private-student-loans-report/> (last viewed 9/10/12)
11. U.S. Census Bureau, "The Older Population in 2010," table 1, <http://www.census.gov/population/age/data/2010.html> (last viewed 2/14/2013)
12. National Center for Veterans Analysis and Statistics "Veteran Population Projects; FY 2000 to FY 2036;" October 2010, [http://www.va.gov/vetdata/docs/QuickFacts/population\\_quickfacts.pdf](http://www.va.gov/vetdata/docs/QuickFacts/population_quickfacts.pdf) (last viewed 8/30/2012)
13. Federal Deposit Insurance Corporation, "2011 National Survey of Unbanked and Underbanked Households," 2012, <http://economicinclusion.gov/surveys/2011household/> (last viewed 2/14/2013)
14. U.S. Department of Commerce, "Income, Poverty, and Health Insurance Coverage in the United States: 2011," September 2012, <http://www.census.gov/prod/2012pubs/p60-243.pdf> (last viewed 2/14/2013)
15. The actuals and targets above represent unique web visitors only. As the CFPB expands data collection capabilities on outreach activities, additional content will be included in this measure.
16. The technical competence composite is comprised of ratings on three items from the AES survey, including "the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals."
17. The workplace diversity and inclusiveness composite is comprised of ratings on two items from the AES survey, which are "managers/supervisors/team leaders work well with employees of different backgrounds." and "my supervisor supports my need to balance work and other life issues."
18. 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."
19. Datasets are reported on a cumulative basis.