

SEPTEMBER 2012

Consumer Advisory Board Meeting Minutes



Consumer Financial
Protection Bureau

Inaugural Meeting of the Consumer Advisory Board

The Consumer Advisory Board (CAB) of the Consumer Financial Protection Bureau (CFPB) was convened for its inaugural meeting at 9:30 A.M. on September 27, 2012 at the Randall Gallery in St. Louis. The second day of the convening took place at the Hilton St. Louis at the Ballpark

Board members present:

Jose Quinonez, Chair
Bill Bynum, Vice Chair
Gary Acosta
Jo Ann Barefoot
Don Baylor
Maev Brown
Steve Carlson
Laura Castro de Cortes
Elizabeth Costle
Prentiss Cox
Patricia Duarte
Patricia Hasson
James McCarthy
Jennifer Mishory
William Nelson
Michelle Peluso
Dory Rand
Annette Rizzo
Ellen Seidman
Josh Silverman
Robert Stoll
Donna Tanoue
Jane Thompson
Jonathan Zinman

Board member absent:

Adam Levitin

CFPB Staff Present:

Richard Cordray, Director
Raj Date, Deputy Director
Leandra English, Deputy Chief of Staff
Patrice Ficklin, Assistant Director, Fair Lending
Delicia Hand, Staff Director, Consumer Advisory Groups
Gail Hillebrand, Associate Director, Consumer Education and Engagement
Jennifer Howard, Assistant Director, Communications
Zixta Martinez, Acting Associate Director
Mallory McLean, Press Assistant, Communications
Alexander Plunkett, Project Manager, Operations
Corey Stone, Assistant Director, Deposits, Cash, Collections and Reporting Markets
Samantha Simpson, Technology Portfolio Manager, Technology and Innovation

Chris Vaeth, Acting Assistant Director, Community Affairs
Laura Van Dyke, Outreach Coordinator, External Affairs

DAY ONE

Welcome, Group Introductions and Meeting Overview (Randall Gallery)

The Bureau's Inaugural Consumer Advisory Board ("CAB" or "Board") meeting began in closed session and was convened by CFPB Staff Director, Delicia Hand, who welcomed CAB members and staff present, reviewed the meeting agenda, goals and objectives and reminded Board members of their responsibility to provide open and independent advice and counsel to the Bureau. Staff Director Hand introduced CFPB Director, Richard Cordray. Director Cordray provided the group with a brief update on the Bureau's major accomplishments over the past year and outlined Bureau priorities.

CFPB Meets the CAB

Chairperson José Quinonez and Vice-chairperson Bill Bynum opened the session by welcoming CAB members, outlining their vision for the Board and then facilitated the remainder of this session by inviting Board members to introduce themselves. During this session, CAB members introduced themselves and shared with each other, and the CFPB staff, their expectations for service on the CAB. Many members shared appreciation for the opportunity to serve the Bureau by sharing their expertise, as well as key trends and issues happening in their communities.

Working Lunch: Meet the CFPB: Strategic Overview of the Agency – Research, Markets & Regulations

During a working lunch, CAB members had an opportunity to learn about the inner workings of the Bureau; specifically, how divisions within the CFPB are structured, division key goals and objectives, short and long term priorities and key staff in the division. Corey Stone, Assistant Director for the Office of Credit Information Collections and Deposits Markets, provided an overview of the division of Research, Markets and Regulation (RMR). Assistant Director Stone outlined the division's mission as:

- Articulating a perspective on current and potential future consumer finance dynamics, based on:
 - Rigorous, evidence-based research;
 - Practical, on-going market intelligence;
 - Engagement with market participants, consumer groups, and other agencies and Bureau divisions;
- Leading a process of evidence-based decision-making to establish policy and regulatory priorities and strategies to pursue them;
- Executing specific agreed-upon policy initiatives – including rule-making – through disciplined, efficient processes; and

- Providing ongoing analytical support, market intelligence and rulemaking interpretations to Supervision, Enforcement, and Fair Lending (SEFL), Consumer Education and Engagement (CEE), and Consumer Response.

In response to the presentation CAB members asked the following questions:

- *How is the Bureau deciding which of the non-banks to regulate first?*
- *How is the Bureau leveraging other research being done outside of the Bureau?*

Public Meeting: Welcome and Swearing in of the Consumer Advisory Board

After the morning sessions, the Board then moved into open session for a public meeting. Zixta Martinez, External Affairs Acting Associate Director, welcomed the public and provided introductions for everyone on the stage. She also provided an overview of the agenda for the public session and introduced CAB members and staff seated on the stage. Director Cordray greeted the general public. Afterwards, he officially convened the Board by swearing in its members and outlining his vision for, and charge to, the Board. Following the swearing in of the Board, Acting Associate Director Martinez introduced Chairperson Quinonez and Vice-chairperson Bynum who offered brief remarks to the Board and general public.

Public Meeting: Post Financial Consumer Trends and Market Conditions Discussion

Following the above welcoming remarks and swearing in of the Board, Raj Date, CFPB Deputy Director, engaged CAB members and members of the public in a discussion regarding post financial crisis consumer trends and market conditions. In this facilitated discussion, the group considered the implications, opportunities and challenges for consumers in the post financial crisis environment. In an interactive discussion, members of the Board and the public shared their perspectives. After providing an overview of market conditions observed by the Bureau and inviting CAB members to share the trends and conditions that they have experienced, Deputy Director Date identified three areas of overlap which prompted further discussion. Specifically, he noted that:

American households are still struggling, as demonstrated by lower net worth; thus, causing persistent and lingering effects of the foreclosure crisis on Americans' housing situation;

- Access to credit remains uncertain and uneven, post financial crisis; thus, less credit-worthy borrowers have greater difficulty obtaining credit; and,

- American consumers' trust in the marketplace is decreasing.

Deputy Director Date facilitated an interactive discussion between CAB members and members of the public. At the end of the discussion, he posited that, based on the day's discussion, there were three themes which might influence the Bureau's agenda:

- There is a need for expanded access to credit.
- There is a need for increased financial education. And,
- There is a need to level the playing field which means:
 - Embracing the notion that the marketplace can work well; and
 - Not wavering on supervision and enforcement responsibilities.

End of Public Session/Break

The public meeting ended at 2:45 pm. CAB members took a break and reconvened for group photos.

CAB Structure and Governance

At 3:15 p.m., the CAB reconvened in closed session with a discussion of the Board's governance structure. Chairperson Quinonez and Vice-chairperson Bynum facilitated a discussion amongst the Board regarding its operational guidelines outlining that the CAB's charter is the establishment document which only provides high level guidance about the CAB's operations and that Board members should use this time to discuss more detailed operational guidelines. The Board was presented with operating bylaws which they reviewed and made the following modifications and suggestions for general operating procedure:

- Once committees are established, committee chairs will work with the Board chair and the Staff Director to set the agenda for future CAB meetings;
- The Bureau should provide additional notice for any CAB meetings;
- CAB members would like to meet three times per year and requested a calendar for the coming year's meetings and events; and
- CAB members expressed a desire to have continuity between the Chairperson and Vice Chairperson and proposed that the Charter and Bylaws be amended to allow the sitting Vice Chairperson to succeed the Chairperson. Bureau staff agreed to come up with a proposal for review at the next CAB meeting.

CAB Tone Setting Exercise

During this afternoon session, Chairperson Quinonez summarized the goals and objectives of the session. The goals and objectives were to provide an opportunity for CAB members to reflect on and provide input on the Bureau's execution of its mission. Director Cordray provided a

high-level overview of the Bureau's mission and strategic goals. Afterwards, Chairperson Quinonez led the Board in creating three small working groups for further discussion on ways in which the Board may provide input to the Bureau on mission execution for American consumers, one year out. As a pre-exercise, CAB members consulted with their immediate network and asked, "Who, or what, is the CFPB?" CAB members, in small groups, shared the responses they had gathered. After the small group discussion, the CAB reconvened and group leaders reported to the larger group. The following key points were reported:

- The general public does not know about the Bureau; those who do know about the Bureau tend to be either hostile or supportive;
- CAB members offered to attend community meetings and to share information and provide feedback to the Bureau;
- To the extent that CAB member networks also ask the CAB to raise issues in their discussion, this will be helpful to the Bureau;
- CAB members could also help with branding; many members of the public are familiar with Elizabeth Warren but not with the new agency and its leadership;
- The Bureau should share additional information to CAB members; specifically:
 - Press releases;
 - Hearing notices;
 - Any updates on new information and policies.

The first day's meeting was adjourned at approximately 5:30 pm.

DAY TWO

Discussion: How to Keep the Work of the CAB Alive Between Meetings at the Hilton St. Louis at the Ballpark

The second day's meeting began with a brief debrief of the first day's meeting. Overall, CAB members were satisfied with the meeting and were particularly pleased about the public meeting and the ability to directly hear from members of the public. CAB members encouraged the Bureau to provide similar opportunities in the future.

Chairperson Quinonez and Vice Chairperson Bill Bynum then led the Board to decide on a committee structure. The Board was asked to respond to the committee structure proposed by Bureau staff. CAB members discussed the proposal and decided they need additional information about Bureau work and priorities before determining a committee structure.

Additionally, CAB members seemed to prefer a different approach to committees than what Bureau staff proposed – a committee structure that reflected the Bureau’s functional divisions. They preferred to organize by policy areas though expressed a desire to be briefed on policy priorities in order to determine how they would structure themselves.

Bureau staff agreed to provide a high-level briefing of the Bureau’s policy priority agenda during a later session, and CAB members postponed further discussion on structure.

CFPB and Consumer Friendly Innovation: CFPB Catalyst

During this session, CAB members learned about CFPB Project Catalyst. It is a new initiative to help foster consumer-friendly innovation throughout the financial industry. The advisors provided input regarding what the Bureau should do to foster consumer-friendly innovation. Facilitated by Deputy Director Date, the following points were raised by CAB members:

- Banks still have work to do regarding people feeling welcome and that priority should be addressed before focus on innovation;
- The notion and definition of good innovation is important because bad innovation is what caused the most recent recession crisis- CFPB should use a principles-based approach when it comes to innovation; and
- Is CFPB Project Catalyst a good idea, and is this focus on innovation the responsibility of the Bureau? If the outcomes are reviewed over time is this work a net gain?

A lively discussion continued with the Board forecasting ways in which it could continue to inform the Bureau on ways to encourage innovation.

Meet the CFPB: Strategic Overview of the Agency – Supervision, Enforcement and Fair Lending & Consumer Education and Engagement

Patrice Ficklin, Assistant Director in the CFPB’s Supervision, Enforcement and Fair Lending Division (SEFL), and Gail Hillebrand, Associate Director of Consumer Education and Engagement (CEE), facilitated a discussion with the Board regarding their respective division’s key goals, objectives, and short and long term priorities. CAB members asked presenters questions which covered a range of topics such as:

- Does SEFL seek to also educate institutions it supervises?
- Does the Bureau have a viewpoint on the thought that foreclosures were caused by language/ access issues?
- Is the Bureau introducing financial education initiatives to school systems?
- Has the Bureau gathered any data about where things are working well regarding consumer education and engagement?

- Regarding the Bureau's Consumer Response Center, to what extent does the CFPB mediate problems between a consumer and a regulated entity?

Working Lunch: Open Session, Meeting Review and Future Planning

The CAB meeting concluded with Chairperson Quinonez and Vice Chairperson Bynum continuing the earlier morning's discussion on the committee structure which should be adopted by the Board. Raj Date provided an overview of the Bureau's policy prioritization process and board members agreed to temporarily organize into taskforces and asked to receive briefings on the Bureau's policy priorities over the coming months until the next CAB meeting. Bureau staff agreed to provide briefings to better inform the CAB about the Bureau's policy agenda.

Meeting was adjourned at approximately 2:25 P.M.