

Academic Research Council

May 10, 2019

Meeting of the Academic Research Council

The Consumer Financial Protection Bureau’s (CFPB) Academic Research Council (ARC) met via conference call at 10:30 a.m., Eastern on May 10, 2019.

ARC members present	CFPB staff present
Karen Dynan	Director Kathleen L. Kraninger
John Lynch, Jr.	Shaista Ahmed
Brigitte Madrian	Ron Borzekowski
	Matt Cameron
	Crystal Dully
	Andrew Duke
	Kim George
	Melissa Knoll
	Manny Mañón
	Zixta Martinez
	Christopher Mufarrige
	Tom Pahl
	Margaret Plank
	Paul Rothstein
	David Silberman

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Welcome

Director Kathleen L. Kraninger

Tom Pahl, Policy Associate Director, Division of Research, Markets, and Regulations

Ron Borzekowski, Assistant Director, Office of Research

Former Assistant Director Ron Borzekowski convened the ARC meeting and welcomed ARC members and members of the listening public. Following the introduction, he provided an overview of the meeting's agenda and introduced Tom Pahl, Policy Associate Director for the Division of Research, Markets, and Regulations. Tom Pahl provided welcoming remarks and extended appreciation to ARC members for their service. He also introduced Director Kraninger. Director Kraninger provided remarks and noted the important role of the ARC at the Bureau. She also discussed the Bureau's mission and highlighted how the Bureau is engaging with innovation. The Director concluded by thanking ARC members for their contributions.

Information Exchange: Research and Innovation in the Consumer Financial Marketplace

Melissa Knoll, Section Chief, Decision-making and Behavioral Studies, Office of Research

During this discussion a staff member from the Office of Research sought the ARC's input on ways in which the Bureau's research efforts can inform efforts to facilitate access and innovation. The staff member underscored that the Office of Research mission is: "...to research, analyze and report on developments in markets for consumer financial products and services [as well as] consumer awareness and understanding of the cost, risks and benefits of consumer financial products and services [and] consumer behavior with respect to consumer financial products and services." She provided an overview of research pilots the Bureau has worked on with industry participants in order to help foster innovation in the market. The presentation focused on three of such pilots with American Express, Zillow, and Credit Karma.

ARC members provided positive feedback on the research. Members asked if the Bureau plans to publish the results from the studies and make them publicly available. Members and staff discussed how they think the study partners would respond to the results being made public.

Members highlighted the value of the Bureau’s research work noting that such research provides insights into important policy questions. Members also noted that the Bureau sometimes has broader capabilities than the academic community. Additionally, members highlighted that this work helps to build [and foster] relationships between Bureau researchers and the academic community.

Members added that this work is important because the Bureau is setting standards for the industry as they practice innovation. Members stated that the Bureau’s involvement is important because these studies are difficult to design and carry out. Additionally, members asked staff how the Bureau finds companies to partner with for these studies. Members discussed their experience engaging in these type of studies as academics and shared that academics sometimes have a difficult time particularly with contracting and conducting studies at large scale.

Related to the Bureau’s study with American Express, members shared their thoughts on research related to savings. Members expressed interest in the Bureau researching how many different savings accounts people should have to manage their financial lives. Members discussed linkages between retirement and non-retirement savings and encouraged the Bureau to consider researching how integrated or separated savings accounts should be. Members inquired if innovations mentioned in the Bureau’s studies have a longer term impact on savings.

Information Exchange: Retrospective Review of Bureau Regulations

Paul Rothstein, Section Chief, Financial Institutions and Regulatory Policy, Office of Research

A staff member from the Office of Research presented on the Bureau’s assessment work pursuant to Section 1022(d) of the Dodd–Frank Wall Street Reform and Consumer Protection Act. He noted that Section 1022 (d) requires that the Bureau assess significant rules and “...address, among other relevant factors, the effectiveness of the rule or in meeting the purposes and objectives of Title X and the specific goals stated by the Bureau....” The Bureau has completed three assessments and published reports of those assessments. The assessments were on the Bureau’s remittance rule on consumer remittance transfers; the 2013 RESPA servicing rule on mortgage loan servicing; and the Ability-to-Repay and Qualified Mortgage Rule on ability to repay standards in mortgage loan originations. The Bureau expects to begin work on

an assessment of the TRID rule, which consolidated mortgage loan origination disclosures. The staff member shared key findings from each of the assessments.

The full reports and findings can be found at <https://www.consumerfinance.gov/data-research/research-reports/>. The staff members asked ARC members for feedback on how the Bureau can assess the effectiveness of disclosure rules and how the assessments can contribute to identifying and addressing (or avoid issuing) unduly burdensome regulations. The staff also asked members about what other relevant factors the Bureau should include in future assessments.

Members commended the Bureau for the work on assessments. Members highlighted the importance of retrospective reviews like assessments and discussed different aspects of conducting analysis. Members also discussed the limitations of initial (pre-rule) cost-benefits analysis, noting that it is hard to have a high degree of confidence in these analyses because there are many market complexities. Members noted that when conducting an initial cost-benefit analysis, the Bureau should consider the purpose of the analysis and the potential decisions that will be considered relying on this information. They commented that the information that emanates from these analyses can affect consumer behavior and market confidence. They also stated that while some benefits are not measurable, the Bureau should capture data which are indeed measurable, as that information benefits future market studies.

Members noted that the findings of the mortgage assessments are important and provide useful insights. With regard to mortgage disclosures, members encouraged the Bureau to continue analyzing consumer behavior with current disclosures. They stated that the Bureau should assess the impact of a specific disclosure used with a specific financial product, and how consumers behave. Additionally, members said that disclosures should also play a role in motivating consumers to shop around for other mortgage options.

Adjournment

Former Assistant Director Ron Borzekowski adjourned the meeting of the CFPB Academic Research Council on May 10, 2019.

Certification

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

A handwritten signature in black ink, appearing to read "Matt Cameron", with a long horizontal line extending to the right.

Matt Cameron
Staff Director, Office of Advisory Board and Councils
Consumer Financial Protection Bureau

A handwritten signature in black ink, appearing to read "Susan Singer", with a long horizontal line extending to the right.

Susan Singer
Acting Assistant Director, Office of Research
Consumer Financial Protection Bureau