

Combined Advisory Council Meeting

November 4, 2021

Meeting of the CFPB Advisory Councils

The Consumer Financial Protection Bureau's (CFPB) Community Bank Advisory Council (CBAC) and Credit Union Advisory Council (CUAC) met via WebEx at 1 p.m. EDT on November 4, 2021.

Council members present	CFPB staff present
Community Bank Advisory Council	Associate Director Karen Andre
Chair John Buhrmaster	Kris Andreassen
Barry Anderson	Elena Babinecz
Mary Buche	Alan Ellison
Ronette Hauser-Jones	Lyn Haralson
Todd McDonald	Grady Hedgspeth
Rebecca Melton	Leslie Jones
Kristina Schaefer	Katelyn Kramer
Michael Tucker	Manny Mañón
Credit Union Advisory Council	Debora Royster
Chair Jose Iregui	
Michael Daugherty	
Monica Davis	
Michelle Dwyer	
Jeff Ivey	
Jeremiah Kossen	
Michael Levy	
Deborah Wreden	

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Welcome

Associate Director, Karen Andre, Division of Consumer Education and External Affairs

Manny Mañón, Staff Director, Section for Advisory Board and Councils, Office of Stakeholder Management

John Buhrmaster, Chair, Community Bank Advisory Council

CFPB Section for Advisory Board and Councils Staff Director Manny Mañón convened the combined advisory council meeting and welcomed committee members and members of the listening public. He provided a brief overview of the meeting's agenda and introduced Associate Director, Karen Andre. Associate Director Andre provided remarks on the Bureau's priorities, focusing on Section 1071, the Small Business Lending Notice of Proposed Rulemaking (Section 1071 NPRM), Older American Age-Friendly Banking, and Financial Education Youth Financial Literacy K-12. Following Associate Director Andre's remarks, CBAC Chair John Buhrmaster welcomed attendees and explained the council's mission and expressed his appreciation for being able to serve as Chair of the CBAC.

Section 1071 NPRM Session

Grady Hedgespeth, Assistant Director, Office of Small Business Lending Markets

Alan Ellison, Small Business Program Manager, Office of Small Business Lending Markets

Kris Andreassen, Senior Counsel, Office of Regulations

Elena Babinecz, Managing Counsel, Office of Regulations

The first session of the day began with CFPB staff from the Office of Small Business Lending Markets and the Office of Regulations providing a presentation on the Section 1071 Small Business Lending Data Collection Rulemaking. During this presentation, staff provided background and current information on the Section 1071 NPRM. Following the presentation, staff sought input from Council members.

Many members expressed support for the goals of Section 1071 and voiced their concerns with the proposal. One member praised the CFPB's Small Business Regulatory Enforcement Act

process for the Section 1071 rulemaking and described the role of small entity representatives in that process. Multiple members worried about maintaining customer trust and keeping customer information confidential. Several members expressed concern that smaller banks and credit unions would have trouble with the cost or burden that they expected to incur in complying with the rule as proposed. A member suggested that the more data points the CFPB requires, the less likely it is that potential applicants would want to provide information. Another member praised the CFPB's proposed demographic data collection forms, stating that customers were more likely to fill out a government form than one created by the bank.

Several members suggested that the revenue threshold for the definition of a small business should be \$1 million rather than \$5 million, to conform with the Community Reinvestment Act (CRA) definition. A member expressed that a \$5 million business was no longer a small one.

A member was concerned about the firewall and wanted to understand how it would affect lending in small towns. The member said that the proposed rule may be difficult to comply with for smaller institutions with little staffing and suggested the CFPB consider implementing broad exemptions.

Several members requested increasing the threshold for institutional coverage based on asset size or based on a number of transactions greater than 25 originations. Some members suggested that a low threshold would cause lenders to either impose minimum dollar amounts for small business loans, or to pull out of small business lending. A member requested that the CFPB be flexible on defining "application" for small business lending, which is more varied in form than are consumer applications under Regulation B. A member said that, given the amount of private information that would be collected, data should be published less frequently for community banks. Several members suggested that using visual observations or surnames to determine race could result in inaccurate data.

A member said that Hurricane Katrina caused many businesses uneasiness in accepting government assistance in response to the COVID-19 pandemic, as during Katrina their information was not managed appropriately by government relief agencies. The member, representing a Black-owned bank, said that it received the most pushback from Black-owned businesses, who turned away from the Small Business Administration during the COVID-19

pandemic. A member stated that it might be beneficial to identify markets where there is not enough activity to protect the identity of the business owners.

Several members discussed concerns with data collection processes. A member mentioned a recent CFPB action regarding consumer name-matching by consumer reporting companies under the Fair Credit Reporting Act, and expressed concern that a proposed requirement to collect the race and ethnicity of a small business applicant's principal owners, in certain circumstances, using visual observation or surname could be similarly problematic.

Older Americans Session: Age Friendly Banking

Deborah Royster, Assistant Director, Office for Older Americans

Katelyn Kramer, Older Americans Policy Analyst, Office for Older Americans

For the second session of the day, staff from the CFPB's Office for Older Americans provided an overview of the office along with the work that it is currently doing regarding the age-friendly banking initiative. Following the presentation portion of this session, staff sought to receive input from Council members.

Many members expressed their concerns and frustrations with seeing elder fraud abuse. A member said that elder clients are being scammed by strangers and even by a family member. A member said that the age-friendly banking initiative materials would be appropriate for a lot of people that they see even outside of the senior banking population, i.e., low-income and those that aren't financially educated. A member said that they are seeing higher fraud since the pandemic, mostly romance scams with their elder members. The member said it is incredibly difficult to convince elder Americans that this is occurring, and they do many things one-on-one with the members to educate them on the different scams that are out there. The member said that they stop the transactions when they are spotted but are finding that the victims move their accounts to another institution and, in many cases, they are at a loss for where to go for assistance. A member said they are referring scam and fraud cases to local agencies in their area, but it is very difficult as many agencies are underfunded and understaffed. A member said that it is very frustrating with the lack of adult protective services and that they have submitted many Suspicious Activity Reports but do not hear back. A member said that they are seeing this day in and day out and the fact that they can't help is very frustrating. The member said that the client is firm that fraud isn't occurring. The member said that online notarization and bill pay

are all great, but the fraudsters are convincing elder customers to give them their account information and the victims see their money disappear. The member went on to say that many instances it is very difficult to see and stop before the damage is done.

Financial Education Session: Youth Financial Literacy K-12

Leslie Jones, Youth Financial Education Analyst, Office of Financial Education
Lyn Haralson, Financial Education Program Manager, Office of Financial Education

During this last session of the day, the CFPB's Office of Financial Education provided an overview of its Financial Literacy K-12 Program, which included a snapshot of products and resources available to the public. Following this presentation, staff sought to receive feedback from Council members.

Many members praised the CFPB for their work with youth financial literacy and echoed the importance of financial literacy in the classroom and if missed how it can affect financial well-being down the road. A member said that their bank has provided lessons in local schools since the 1930's. The member said they have hosted a session at a state school board meeting to focus on adding it into the school curriculum. The member encourages financial literacy testing—if there is no test, it doesn't get attention in school. A member said that the lack of financial literacy is a generational cycle of people not knowing how to handle their finances and that the unbanked population continues to grow, thus exacerbating this problem. A member said that they were not able to access schools to share this information due to local political concerns, so they reached out to local non-profits i.e., Big Brothers/Big Sisters, to target ages 8-18. A member said that school boards are not focused on this issue and that the CFPB should reach out to the U.S. Department of Education because this issue is fundamental. A member asked if the CFPB thought about partnering with other financial regulators, possibly to allow financial institutions to get credit toward Community Reinvestment Act requirements by providing financial literacy in schools. A member stated that they struggle with getting classroom time due to time constraints in schools.

Many members mentioned that the CFPB resources are fantastic, and that they use these resources as much as possible. A member stated that their organization has promoted CFPB resources through social media. The member said the resources are not only targeted towards

kids, but teens and adults as well. A member said these materials presented have also been used for new entrants to the United States. The member said that the resources should be shared with education partners and community groups.

Adjournment

Staff Director Manny Mañón adjourned the meeting of the CFPB advisory committees on November 4, 2021 at approximately 5:00 p.m. EDT.

Certification

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

Manny Mañón

Manny Mañón
Staff Director, Section for Advisory Board
and Councils, Office of Stakeholder
Management
Consumer Financial Protection Bureau

John Buhrmaster

John Buhrmaster
Chair, Community Bank Advisory Council

Jose Iregui

Jose Iregui
Chair, Credit Union Advisory Council