Please stand by for realtime captions. Good afternoon .

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To adjust the way that you are viewing the WebEx. Click the layout box there you can toggle between two different views. For technical support send the message to the host in the chat box and I will provide assistance. I will now turn the event over to the bureau's office of advisory board and cancel, Manny?

Thank you, Tracy and good morning and afternoon to everyone. I like to officially convene the joint advisory committee meeting. Today we are joined by the Community Bank advisory Council and the credit union advisory Council. I'd like to welcome community members as well as members of the public as well as members of the public who are listening in today. Thank you for taking the time to be here with us. My name is Manny Manon and I serve here at the bureau. Today I will serve as the designated federal officer for this advisory committee. Second as background, the established advisory committee provides substantive information, analysis, operation expertise and knowledge of committees and feedback to inform the bureau's work. The committees are comprised of a wider way of stakeholders and include leaders and experts from organizations and consumer advocacy, financial education, academics, credit unions, financial technology companies and more. You can find a full list of the bureaus advisory committee on her website at consumer finance.gov. Advisory committees help the bureau efficiently meet the diverse set of stakeholders in input of what's happening all over the country. The CBAC and CUACM provide timely information about how bureau policies impact the many banks and credit unions with assets of 10 billion or less. As a reminder, the views of the advisory committee members are greatly appreciated and welcomed, yet they do not represent the views of the bureau. Now, I'd like to go over what you can expect during today's engagement. Today's meeting will run from one-5:00 P.M. It will start with remarks from the bureaus consumer education and External Affairs it division of crime. The first agenda item is a discussion on the notice of proposed will making on section 1071. The second agenda item is an age friendly banking. The final agenda item is a discussion on youth financial literacy K-12. Following each session there will be time for Q&A and discussion with advisory and euro staff. During this call, we will have 215 minute breaks. As a reminder to bureau staff and advisory committee members, during the Q&A sessions, if you would like to make a comment, ask a question or answer a question, please press the raised hand icon and the chair will call on you. Before you speak, please be sure to unmute your line's and provide your name, title and organization. Please be sure to mute your line when you're not speaking. Lease, you raised hand down when you finish speaking. Everyone should have received an email from my team with the materials including the agenda and presentation. Please open the documents now so that you may follow along with us. And, now, I'm pleased to introduce Karen Andrae serving as associate director for the consumer education and extra affairs exhibition. And she serves as a number of government, campaign and private sector roles. Most recently, she served as special assistant to President Biden for the economic agency personnel with the executive office of the president. She also were on President Biden's 2020 campaign team, including as a senior advisor for national outreach. Following the president's election, she joined the presidential transition team as a COVID-19 engagement team lead. Additionally, previously served as White House liaison for the Department of Housing and Urban Development. The floor is yours .

Good afternoon and thank you for the introduction. Welcome everyone to our community bank and credit union advisory councils meeting. Let me first extend a special thank you to the chairs of our councils, the CBAC, John Burmaster and the CUACM , José, we greatly appreciate your willingness to take on leadership roles and effectively steer the advisory councils. When Congress created the CFPB get in and trusted it with carefully monitoring financial markets despite risks, ensure compliance with existing laws, educate consumers and promote fairness and competitiveness. To add help meet the statutory requirements and understand financial markets better the bureau created one advisory Council for community banks and another for credit unions. Their intimate knowledge of local communities holds vital information to help economies thrive and individuals and families to pursue the American dream. The founding members of the bureau also understood that the success of community angst and credit unions, translates into thriving communities and families, so understanding your needs, concerns and challenges is also of paramount importance.

Today, the community bank and credit union advisory councils provide unique insight into the needs of consumers and communities, as well as the impact that bureau policies have on community banks and credit unions. Your intimate knowledge of the struggles and successes of communities, credit unions and local banks are always important and, in our current environment, they are vital. We need your expertise as we are at a critical crossroads for consumers and the American economy. The pandemic laid bare racial and economic inequities throughout our society. For example, millions of families still face the threat of foreclosure or eviction. As the director stated in his remarks to Congress last week at the bureau is carefully monitoring conditions in the mortgage market and is taking steps to minimize avoidable foreclosures and to get homeowners into repayment plans they can of Ward. We care keen on understanding how owners from different segments of the population are faring, including communities of color, military connected families, older Americans, first-time homeowners and family farmers. Your position and relationship to homeowners is essential, both in terms of minimizing avoidable foreclosures and understanding the needs of different segments of the population, as they seek to stay in their homes. That consumers deserve nothing less than the CFPB working with partners, which include all of you, to tackle the problem of housing and other pressing challenges that families face in their financial lives during this critical moment for our country.

Not only are consumers recovering from the devastating financial effects of the pandemic and associated recession, they must also prepare themselves to face future challenges and risks. It is our job to anticipate the risks and challenges and figure out how to mitigate or eliminate them so that consumers are best positioned to participate in the economy and its markets.

We do that through multiple avenues including to our own research and analyses as well as listening to consumers directly through the complaint system. We know that one of the main risks currently emerging as that of big tech entry into consumer markets including banking and payments. For example, big tech is sought greater control over the flow of money and data in our economy. We need to better understand how these giants harvest, track and monitor data on the platforms and ensure that the payments landscape aligns with fair competition, consumer protection and our national interests. It is not big tech but rather relationship and community banking that strengthens the nations resilience and recovery that benefits all consumers and families. Your ongoing engagement will ensure that we better understand the challenges and risks for community banks and credit unions, local businesses and families during these critical times. Today's economy looks very different than a year ago. Businesses have reopened and are growing and employees are adding millions of new jobs, employers are adding millions of new jobs while there are many positive signs for the overall economy, our recovery remains uneven many small businesses. Accordingly, the first discussion today will focus on the recently published section 1071 NPRM, our proposed rulemaking. As you know well, thriving small businesses, fewer local businesses and economies and our role if finalized will help ensure all communities can benefit from successful small businesses. This is comprehensive in scope which is consistent with what Congress intended and if finalized, will equip us with the necessary data to give all small business owners the ability to seek and obtain credit on an even playing field at the same time, we understand the regulatory burden that smaller financial institutions can face when implementing the rules. So, we have worked hard to mitigate the burden while aligning the proposed rule to current business practices to the extent possible. The proposed rule also contain other provisions for the regulatory burden including not requiring financial institutions to publish their own data, not requiring financial institutions to verify data by applicants and, providing straightforward definitions of key terms and creating a sample data collection form. Given the request of stakeholders to use a simple definition of small business, we have proposed a reporting threshold based on annual business revenues. We will also use the lessons learned from the implementation of earlier reporting to facilitate the integration of the section 1071 roles, final data collection and reporting requirements into your business processes.

In commenting on the NPR and I encourage you to consider the value of the 1071 database for your institutions and for small businesses as well as the communities that you serve. Under the come proposed rule, the deity report will reflect how you serve your customers, including pricing information on the loans that you make so that small businesses will be able to see your commitment to them .

Additionally, the data may help us identify unfair and auditory competition faced by all the institutions that play by the rules. So, we welcome your comments and expertise to ensure the final rule reflects the needs of community banks and credit unions to come along with the local businesses and entrepreneurs you are serving. I also encourage you to let us know what we got right that can help us know what we should not change. So, following the first discussion, we will hear from the bureau's office for older Americans on age friendly banking. In a constantly evolving banking and financial environment, we cannot forget that the needs of older adults may differ from those of younger consumers. For example, when older adults are connected with the bank or credit union, age friendly interventions can help to prevent fraud and financial exploitation. Older adults, particularly those from underserved, racial and ethnic groups and individuals with lower incomes, need financial services and products that are accessible, responsive and relevant to their needs. Not only are we supporting the needs of older adults, but we are also protecting them from financial losses through exploitation and fraud because the interaction with unfamiliar technology can make victimization by nefarious act is easier. At the same time, we need to appreciate that the digital age has created new opportunities for innovation among financial institutions, to support consumers of all ages. Access to age friendly online and mobile banking services and other types of financial technology is now essential. This has been particularly evident during the pandemic when it has been difficult or unsafe to visit branches in person. So, we will continue to monitor innovations and support banks and credit unions and enhancing the ability to serve older consumers who may be digitally disconnected as you can see, supporting older consumers is a balancing act between using innovative's approaches to support banking needs while not allowing the various actors easy access to them. During today's discussion I hope that you will all share your insights into how to strike the right balance between emerging opportunities and emerging risks. Finally, the last discussion will focus on the emerging generation of consumers. As we work to regain our financial footing, it's critical that we work as a country to strengthen financial knowledge at all levels. We know that creating this foundation among children in particular leads to greater financial well-being and stability as they become adults. The CFPB engages school leaders, families and community organizations across the country but currently, less than half of U.S. children receive any form of education to their schools. Community-based partnerships between local financial institutions and school systems has led to greater financial engagement and, we hope to better understand some of the better programs and initiatives you participate in or would like to do that build the capabilities and financial skills among our youth. All families and consumers face challenges to their American dreams. Some of these families and consumers are struggling because they are at a structural disadvantage. We may be intentional about fitting the needs of specific communities, families and individual consumers. I expect that today and in future meetings, all of you can help us to develop ways to tear down structural barriers and create markets that are fair and competitive for everyone.

And, in closing, thank you for your service and time today. While I wish I could participate in today's discussions, I will be leaving today's meeting around 1:30 for a previously scheduled commitment. I want to ensure you that members of staff will remain throughout today's session and will share with me your perspectives and next steps forward. Thank you.

Thank you so much .

Thank you very much, we really appreciate you taking time out of your busy schedule today to join us. I would like to talk about the purpose of our groups but, I don't need to. You hit it right on the head and something you've been driving really hard into the committees and what's the group has to say to make more effective regulations and rules that will serve both the consumers without harming the institutions that are really designed to serve. Thank you .

Thank you I'm glad the comments and remarks resonated with you .

Thank you.

And, my name is John Burmaster and I'm president and CEO and fourth-generation, First National Bank of Scotia New York. Where in upstate New York near Albany and about a $650 million bank and I'm pleased to be here with you. I do look forward to meeting all of you in person and our next meeting, it's not a forward-looking statement it's me being hopeful. I would like to echo Manny and the directors comments again and welcoming you all to today's joint meeting. As Manny mentioned were joined by the members of the bureau advisory committee including the Community Bank or CBAC and CUACM . And I serve as this year's chair for CBAC. I would also like to acknowledge the chair of CUACM , José has joined the meeting today as well and it's a pleasure to join with all the committee members. So, the CBAC and the CUACM are an important part of the process and as I mentioned before to the associate director and as she discussed, we are an integral part of creating effective regulations that meet the needs, the intended needs of our legislature and the needs of our and without creating an undue burden that would affect us through operationally changed things that would harm consumers. So, we don't want to disrupt the flow of services from community financial institutions, that's why it's important to speak up and talk about what is happening. I say this to our members, both the CBAC and CUACM, speak up and make sure that you give your comments. We will, during the Q&A period that we will be limited to 2 to 3 minutes to talk, so make sure you focus on your most important concerns or examples, but we can always follow-up with the ABC, that would be the advisory boards counsel staff with supporting details as you move forward. I know each one of us can talk on these topics all day long, I've been talking probably for 50 years on financial literacy so please stop me if I talk too long about that one. So, an example of how these advisory councils work his last year at the meeting, the topic of housing and security came up. And, it was incredible how the staff latched onto that as a critical issue, the rental, evictions and and that evolved into the most efficient and comprehensive website and marketing campaign that I've seen them do. And helping hundreds of thousands and maybe millions of consumers stay in their homes. And, I applaud the CFPB for their efforts and I also applaud CBAC and CUAC in their efforts in bringing it to the attention and supporting the efforts along the way. So, we can make a difference and it starts with today and with our topics. So, with that, let's shift to the first agenda item on section 1071, it's the notice of proposed rulemaking required by [INAUDIBLE]. And, we are well underway. We are joined by bureau leaders and subject matter experts from the office of regulations and the office of markets, they include Chris Anderson, office of regulations, Grady [INAUDIBLE] office of small business lending markets, Alla Ellison office of small business lending markets and Alayna, office of regulation.. Chris will begin the discussion, Chris. I thank you for the introduction and thank you for having us here today to talk about the 1071 proposal. I'm the senior counsel in the bureau's office of regulation and team lead for the 1071 rulemaking.

First a quick disclaimer. I'm making this presentation on behalf of the Bureau but it does not constitute legal advice, interpretation or guidance of the Bureau, any views stated on my own and may not represent the Bureau's views.

This Dodd Frank act requires financial institutions to collect and report to the Bureau of certain data on applications for credit for women-owned minority owned and small businesses. So for those of you that are familiar with the home mortgage disclosure act as an overall general matter, 1071 is a data collection statute similar to [INAUDIBLE]. There are two statutory purposes enumerated in 1071. First is facilitating enforcement of fair lending laws and second is enabling communities, governmental entities and creditors to identify business and community development needs and opportunities for women-owned minority owned and small businesses. Now, why is section 1071 important? There's some data available involving small business lending and community reinvestment act reporting but, even with those we don't have comprehensive data even on small business origination, let alone application. We have very little information at all about lending by non-depository. Sector bureau has been working on this rulemaking for a number of years and one item of particular note is that last year they Bureau created the process for the rulemaking, a pre-proposal step that will have an economic impact on small entities. Under that process to the Bureau to consult with representatives and instead entities that are likely to be directly affected by the rules the Bureau is considering. The 20 who participated, credit unions, CD FIs and commercial finance companies.. So with those small entity representatives we explored the potential impact on the proposals under consideration would have on small entities, as long with potential alternatives. The small entity representatives provided great feedback and we are grateful to them for the participation in that process. We also invited other stakeholders to submit written feedback on the proposals and we All that feedback in consideration when preparing the M CRM .

If we could move up one side, the notice of rulemaking from November 1. The NPRM talks to a number aspects related to the scope of rules in which financial institutions must collect data, when and from what business is. So I will talk through those and then get into the specifics about what data must be collected and how it must be maintained by the financial institution and reported to the Bureau. Here I would like to emphasize that everything I want to talk about is with the Bureau proposed. The comment period is open and we will fully consider all comments before issuing a final rule.

The first regarding covered financial institutions, the bureau will find a financial institution and under the proposed definition of the data collection and reporting obligations of the rule would apply broadly to lenders, to small businesses. This business definition would include suppository like a banks and institutions, online lenders, lenders involved in equipment, commercial finance companies, nonprofits and other non-depository lenders.

Section 1071 permits the Bureau to adopt exceptions to any requirements into exempt financial institutions from the requirement to as the Bureau deems necessary or a probe area to carry out the purposes of section 1071 and those are fair lending enforcement and identification of business and community development needs an opportunity. Stack because the rule might apply very broadly, the Bureau is concerned that financial institutions with the lowest volume of business lending might reduce or speak their activity when coming into compliance with the 1071 rule. So in light of the statutory purposes, Bureau proposed that a financial institution would be covered and that's required to collect and report 1071 data if it originates 25 or more covered loans to small businesses in each of the two preceding calendar years. The Bureau did not propose an exemption based on asset size, for depository institutions, nor did it propose any other broad categorical exemptions for particular types of institutions. Second moving on to covered credit transaction, so, company one required financial institutions to collect and reported applications for credit. The Bureau's proposal follows regulation B's existing definition of business credit with certain adjustments. Recovered credit would include loans, lines of credit, credit cards and merchant cash advances. The proposal makes clear the agricultural credit and reportable loans are reported. The Bureau also propose that certain products be excluded from the definition of covered credit transaction, or otherwise made clear that they would not be covered by the rule. The noncovered products would include things like trade credit leasing, consumer credit used for business purposes and credit secured by certain investment properties. And regarding the definition of covered application, under this proposal, financial efficiencies wouldn't have to collect data until they receive a covered application which the Bureau is proposing to define consistently with the regulation B definition of application. Zach so, although incomplete and which on applications would be reported, pre-application inquiries and prequalification requests would not be, nor would the evaluation, extension and renewal request on the existing business account unless this speaks an additional credit amount., Regarding the definition .

Of section 1071 refers to the definition of small business concern in the small business act, which provides that in order to define a small business, using anything other than the SBA standards based on six digit codes, the agency has to meet a number of specific statutory criteria that include approval from the SBA's administrator. And, the Bureau received feed back for this process and even prior to that, express the desire for a simpler alternative. So, the Bureau is proposing for purposes of the 1071 rule, business is a small business of the gross annual revenue for the preceding year is $5 million or less.. Moving on to the data point .

First a few general notes. Once the obligation to collect data arises, financial institutions have discretion about when and how to collect 1071 data that must maintain procedures to collect applicant provided data at a time and in a manner reasonably designed to obtain a response for alternative lending models

Financial institutions are permitted to rely on and no obligation to verify the information, however if the financial institution does verify any of that information you generally must report the verified information. They can reuse previously collected data in certain circumstances

Consistent with the statute, financial institutions be required to submit covered applications from small businesses and the statute lists a number of data points that institutions must collect and report and permits the Bureau to require financial institutions to collect and report other data that the Bureau determined that were aided in four statutory purposes. Walk through each of the proposed data points briefly but grouped into a couple categories. So first we have data points that are or could be provided by the applicant. That includes data related to their credit being applied for, the credit type and purpose in the amount of credit applied for. And there's also data related to the applicant's business, this includes growth Avenue -- annual revenue and a six digit code, number of workers, time and business a number of principal owners. Also, in the first category are some data points that are addressed with the demographics of the applicant's ownership. So, this is whether the applicant is women-owned or minority owned as well as the ethnicity, race and insects of the applicant's principal owners. A few notes here, similar to Honda they propose that the race and ethnicity information be collected using both aggregate categories and subcategories. We've proposed to permit principal owners to self describe which they can do instead of or in addition to selecting male or female. But no ethnicity racer secs information provided for any principal owner, and financial institutions meet with principal owners face-to-face, that is whether in person or over like a video chat, then, the financial institution would be required to collect at least one principal owners race and ethnicity information, via surname and the Bureau proposed a sample form that financial institutions could use to collect the information and provide related disclosures .

Next we have some data points generated or supplied by financial institutions.. And also, the means or method by which the applicant submitted the application as well as whether the financial institution receive that application directly or came under a third party like a broker or dealer. Next, some other data points for the financial institution are outcome dependent So, for applications that are denied, that include a denial reason and for applications originated, or that are approved but not accepted, they must approve the original amount as well as pricing information based on rates and fees. And so there are a few other aspects that I want to touch on briefly, so first, advance the slide covers what we refer to is the firewall. So, the statute says, where feasible, the underwriter or other person involved in making any determination concerning an application cannot have access to an applicant's responses So, we are proposing to implement that statutory requirement. And so financial institutions will not have to share data from particular employees if, the institution determined that it's not feasible to limit the employees access to that protected demographic data and, the financial institution provides a notice to the applicant about the access and the proposal provides model language for that.

Next, regarding reporting 1071 data,. Next, regarding publication of 1071 data, the Bureau is proposing to make available to the public on an annual basis via the website, the reported application data for each institution, however the statute has us delete data prior to publication if we determine that doing so would advance the privacy interests, so to determine what modifications or deletions to make a the beer was opposing a balancing test that would generally assess the risk of the applicants, and financial institutions.

Again, the benefit to public disclosure in light of the 1071 purposes. Zach and, financial institutions be required to keep 1071 data for three years after it's submitted to the Bureau .

There's a few other things in the proposal as well and it also addresses things like administrative sanctions for violations of the rule, several safe arbors and thresholds in voluntary collection and reporting of 1071 data by certain financial institutions .

And, if we could move ahead two slides at this point. So, regarding implementation the Bureau is proposing that financial institution with collection obligations would commence approximately 18 months after the publication of the final rule in the Federal Register. The beer was also seeking comment on an initial partial year collection, depending on where, during the calendar year that the 18 month period would end. We also saw comment on whether a tiered implementation schedule would be appropriate.

One more slide, as I mentioned the proposal is out for public comment now, that comment period ends on January 6 and, as you will see in the proposal we are seeking comment on all aspects of what we propose. For anyone who's interested in learning more about the rulemaking, but we got them all compiled at CDC.gov 1071 rule. And, with that I will turn things back over to Manny and John and José to facilitate our discussion for today.

Thank you all .

Community members were going to open our discussion, just a reminder, were going to ask you to press the raise hand icon and I will call on you. And, as a reminder, prior to speaking, please be sure to unmute yourself and provide your name, title and organization and, when you are done speaking, be sure to mute yourself. Turn your video on but make sure when you're done you turn that off. And, when you are done talking, please but the raised hand down at that point.

We are going to ask you to keep your responses and comments to 2 to 3 minutes, this will allow everyone time to speak. We've got approximately 45 minutes to get everybody's comments in. I'm going to start just with some very quick thoughts to give us something to start with well people start raising their hands. And this is meant to facilitate and fair lending laws as well as to enable the policymakers to identify the needs and opportunities for small business. And, these are two things that community financial institutions have supported since the founding. The goals are admirable and there is sincere concern about the unintended consequences of small financial institutions and small business. There's a very real possibility that this law could make small business loans, homogeneous and standardized.

I guess you have a much better shot of getting this information gathered as opposed to us having to do it on our own documents, which will all be different. So, with that, I'm looking for some hands, haven't seen any hands yet, so --

I have my hands up .

Great, José, there we are .

I wanted to open up the discussion or the conversation by offering to the audience I thought about the process that the CBP has offered so far in regards to the 1071 ruling. I'd like to share that the ABC section has been extremely active and engaging credit unions and other financial organizations in soliciting feedback in regard to the ruling. As a matter of fact, I facilitated my consumer mortgage lending group to have an exchange of ideas and thoughts with members of the Consumer Financial Protection Bureau could to better understand the needs of the individual business lines. I think it's very important that this collaboration mechanism continues to exist as it allows us to understand what the CFP wants to do. And like Manny express very clearly, our opinions are just opinions, we are in an advisory capacity but I know that in the past the director was listening to our suggestions and, I know that in the future, our director will do the same. Thank you, John.

Thank you, José. Now, I don't see other hands up but, let me just bring up a recent release while I wait for the next hand to come up. I believe it was last night or this morning that a release came out, talking about the use of name matching for rental verifications. It was released on the fourth. I think that relates directly to one part of the rule under data collection that requires us, and application taker to gas or profile the person's race by their surname. And those of us that are been lending for a long time, and I used to look at thousands and thousands of indirect loan applications per year, surname in these days, it does not apply to a person's actual race. So please rethink that. I think it says right in the release that the practice of matching consumer efforts to names is illegal under the fair credit reporting act and I think the CFPB has taken a stand that I don't think we as lenders should be in the this of profiling someone based on their surname. We see Michael has his hand up.

Let's see.

Well, Jeff? I'm trying to keep up with the scroll, it went fast in everyone's hands went up at the same time .

Is Jeff on the line right now ?

Thank you. Back then, Michael I will get to you .

Jeff Ivey, President and CEO in San Antonio. I actually served on the panel for CFPB that examined the rule and made some final recommendations. That report, hopefully everybody saw it was one of the attachments in the discussion. We had a lot of input from not just financial institutions but from non-financial institution lenders and, the spirit of the data collection is really, I think away to measure the access that small businesses have two affordable capitol and to make sure, and I hate to use the term that we use it on the panel to avoid redlining. And were not in a serve that so, a lot of work went into this and I think it's important that we do measure it, and, off-line I would be happy to answer any questions from the panel's perspective that worked on this, so, thank you, John. I appreciate it .

Thank you. Next, we have Michelle or Michael, sorry, typing is tough year. So are the glasses. Michael Doherty please .

Yes, thank you.

I'm with community plus federal credit union in Illinois. We are in a rural area of Illinois and, we are a small credit union although we don't make small business loans ourselves, I did have a few thoughts on this. We are in a part of the state where there is still a healthy ecosystem, smaller community banks that do make small business loans, as well as credit unions also. And, I have a little concern about the firewall, just want to be sure that it's understood that, especially in these small towns, everybody knows everybody and, what everyone's business is I guess so, it may be pretty difficult to enforce that for the smaller institutions. And, even if they have the staffing to just the fact that people know each other, and think of some real reasonable things so maybe the exemptions need to be fairly broad. Thank you .

Thank you. And, Mike Leavy it is your time finally .

I'm already for you, now we can hear you, yes .

I don't think you can see me, but I'm the General Counsel at [ inaudible ] California. Generally we [Indiscernible - low volume] that I like to go back to the comments that we were asked to consider, just the value of the 1071 database and, I think that there is some value lost for credit unions that haven't [ inaudible ] the numbers yet. Also the restrictions on lending a post on us to skew the data. So, to compare the credit unions reporting a bank with the membership for open customers, is not necessarily and then we have an issue we don't understand the impact, you get paid an accurate picture with the restrictions on each credit union. The other issue is that I'm not sure that 25 covered transactions paints an accurate picture of the information. It seems a small threshold. I can say that we as a foreign a half billion dollar institution don't meet the threshold now that we are CDF five so we generate a lot of the same information and it seems that that's an excessive number, not going to generate the information desired and it will be a disincentive for those institutions trying to broaden the commercial lending initiatives if they are afraid of reaching the 25 transaction threshold. In that regard it's not clear to me whether PPP qualifies but if it does it would seem all of us to meet the criteria of covered financial institutions because for the last two years we've given out more than 25 loans and one last point is on visual observations. It seems to be that the latest current thinking across the country in terms of identification suggests that we should rethink whether visual observations are appropriate and people tend to not want to be put into boxes that they don't identify with. And more interested nowadays in helping people identify, especially if you talk about aggregate groupings were people choose to immerse themselves or just choose not to identify and create an identity based on our visual assessment and they could be skewing data away from consumer action and thank you very much for listening. Do any staff have any questions? As we move forward, please feel free to send me a note if you have a question, or if you want to jump in after one of our members speaks to elaborate on that on the comments, please, any staff is welcome to do that. Michael Tucker ?

Yes, I'm on the line .

I'm the chief executive officer of Greenfield Cooperative Bank in the most rural county in Western Massachusetts. Just over $800 million in 10 offices and we do a fair amount of commercial lending but a couple of points that were made, one is the 25 threshold is really low and, when we were first getting into the business, I've been here 20 years and when I first got here to did three or four business loans per year and I wanted to get into it but that we didn't have all the systems in place that these things will require. I also go back to the early days starting with 100 dozen fields to fill out but now were upwards of 30 fields to fill out, so it means that you have the same amount of staff cross-referencing things. So the firewall can be an issue as far as whether to have that and the other thing I would encourage you and I know the director mentioned in one of his earlier speeches in the last couple weeks about simplicity. Were looking at multiple part test and that will help banks get this right but also have consistency through the data which will allow us to make some conclusions with that. And, similarly, trying to avoid some of the things that we don't typically, and I don't know any banks that typically ask how many employees, PPP was one different and that was the point but we did over 400 PPP loans in the last year, two years worth of loans or three years and one year not counting the regular production so those are the kinds of things that can throw the numbers out of context, but I would encourage staying with a simpler definition of these things and not be wind gust to collect data that wasn't in the original 1071 proposal and start simple and then you can see how that works before we add a lot of data. Thank you .

Thank you, Michael. Now that I'm starting to get the hang of the hands up function. I've got a couple folks that have got their hands up, let me follow up on something Michael said, the definition of a small business is of concern to us because if you really trying to look at the small businesses that are trying to get started, and are in some underserved areas and, I'm guilty of this, to because in the initial talks I suggested the SBA definition, but, after seeing what the proposed rule is and comparing it, I believe the CRA rule of 1 million to the gross annual revenue in CRA, this is closer to a CRA than an SBA issue. And, they really think to keep it in line with a similar type rule, use of the million dollars would be better. It would get you to the goals that you're looking for. It will help to determine what the needs are for very small businesses that are in the area, once you get the 5 million you are talking about some fairly large businesses and you're probably not missing a lot but now, we have Christina Schafer hi, Christina.

I would echo your comments about modeling, perhaps the definitions after CRA. I'm Christina Schafer, and General Counsel and first chief officer of First Bank and trust, community owned bank under $4 billion with locations in South Dakota and Minnesota. Just to echo John and Michael's comments, we certainly support efforts to ensure that women-owned and minority owned businesses can get access to the credit we need to we think it's incredibly important but if are going to find value with the data that it needs to be accurate and as a result, the simpler and easier that it is for banks to collect and ensure more accurate reporting meaning better data for better analytics in a more meaningful conversation a couple comments I would echo is I believe, Michael mentioned observations that are a concern that we have as well and in addition for some small banks, 1071 has sped up need for us to accurately the track the lending process from start to finish it has a little bit more ad hoc or more based on other individual accusations. These systems are expensive. For organization is worth the investment we have concerns about what that means for smaller community banks and we do have concerns about the banks and the ability to comply with various firewall provisions. But we do have some census tracts that have between one and nine people per square mile and as a result we do have some privacy concerns for reporting and making sure that were protecting our customer information. We saw a great deal, unfortunately of targeted fraud attacks on customers whose information was access when the SBA released PPP information. But, the goals as a financial institution is to protect our customers and ensure that we maintain trust and keep the information confidential. So, to the extent that we can make sure that the information is kept as private and as aggregated as possible, to eliminate those issues, that would also I think people in the customers and communities best interest. Those are my comments and I want to thank you for your time today

Thank you, Christina. I really appreciate that and, one of the questions asked ahead of time and alludes to the privacy concerns that Christina mentioned, especially in the rural area, an option that I think would be much safer for privacy because, we also saw the PPP data being used for targeted fraud and would beat only get granular on the data that you release in the MSA. If it's not in the MSA it's can be easily identifiable through that business is by using the business code and the location. Now, we have Becky Nelson .

Hello. I'm with the national Bank of Wexford and we operate in the rural part of Southwestern Virginia. And, I want to echo many of the things that Christina said that she said several things very well, so I want to repeat what she said but I want to agree with substantially all she said. One thing I do have to concern about would be and intensity consequences on the threshold and reporting for businesses. I think that small, most small businesses get small loans and small loans are already expensive. So, when you add on top of the small loans, the expense of the small loans that you add on top of that additional reporting expenses, such as what we are talking about. I think that you could have banks that had minimum loan dollar amounts that don't have them right now. As an example, our loan does not currently have any minimum loan dollar thresholds, but, if you continue to add expenses to how much it costs to originate loans, we know that would certainly be something that could be considered by many institutions, going forward. So it's just one thing to think about .

Thank you very much, Becky. Good thoughts .

Looking for some more panelists to chime in. We also have some experts that might have questions for any of us. One of the questions that we had was, is it tiered implementation appropriate. Well, first of all, having served probably 18 years on the core providers enhancement advisory Council, 18 months to get the enhancements needed to add all of these fields, especially the ones that were not required into the law, I get credit to the course, when they saw the law come out they did work to get some of those in that the additional fields will take a while to get them in and I just did a conversion this weekend and I don't have most of those fields in the new software that we have, so, staggering, the larger banks have in-house core systems that they have a programming team and can do that this tiered is more appropriate giving us 24 to 36 months to allow the smaller financial institutions to get the data points added to the software. And, right now, this is a very novel rule in the beginning, no one knew what was coming in so they've not had the opportunity and the established companies have not had the opportunity to get software available that will make this a smoother process for smaller institutions. I think that the idea of a small institution being 25 loans unless, I think that's a concern. $1 billion, and below are going to have a tough time complying with the firewall in particular, with being able to implement this without adding costs, without making their loans cookie-cutter. So, I think and I know the purpose of it but I think you ought to seriously look at this because frankly we don't survive. Community financial institutions on the line right here I like to hear from some more members about this or I will call on you. And as community financial institutions, this is our bread and butter and we don't survive if we don't meet the financial needs of our community. We are based here, we live here, the banks are required to do CRA and I hope soon the credit unions will be able or required to do CRA at the larger credit unions. I think your smaller credit unions do it for a matter of survival, they may not report but they do it. So, I think those are some thoughts on this area. Do we have any thoughts from committee members? How about thoughts on the firewall, does anybody have any thoughts that they want to add?

I'm [INAUDIBLE] from Oklahoma .

Yes, I do have a few things I would like to add. I'm the president of the mortgage division for the bank and we are about a $1 billion bank so I did kind of test some of the employees to see what input was on this because they are more involved in the commercial side of the business. Most of what I heard from them has already been stated by other people on the panel. The CRA requirement being the one million-dollar threshold for that's kind of one thing that our bank would like to see happen and others within the banking industry. Also, one thing I haven't heard anybody talk about was the collection on merchant cash advances. And every time that an advance is done the information would have to be re-collected again as opposed to just collecting it at the initial loan approval or line of credit approval. The redacting or the threshold for privacy, again, some of that information, from my understanding, they are going to hold off on reporting it for maybe a year or, coming up with what will be redacted over a year timeframe. With our bank having many small community banks in areas similar to South Dakota and places like that that we are concerned also that there would be too much information on one particular company and looking at census track information or maybe collecting information for 2 to 3 years before you start publishing it publicly there would be beneficial to determine the markets where there is not enough activity to protect the identity of the business owners.

And, those were the main things that people from within the bank really had concerns about so I just wanted to share those. .

Thank you, we really appreciate that, very good comments. We have Mary.

.

Hi this is Mary with bank of labor and the headquarters are in Kansas City, Kansas. And, we are a community bank around $760 million in assets. So, we do work with a lot of small businesses and I just want to kind of cover some of the things that some of the other people have talked about the but I also agree with the one million-dollar rule. I don't feel like the $5 million in assets is a true and accurate portrayal of small businesses. And then I have a concern about collecting a lot of data points. When you're looking at serving the underserved communities in urban areas that we serve, there is a miss trust fact coming from the community, working with financial institutions. So, the more data you are collect thing, I think that we will maybe prohibit some people from working with financial institutions because they don't want to give all of that data. So, I have a concern for collecting all the data. And a concern with the lenders using visual observation or surname, because I have been misclassified myself, many times as being Hispanic when I am Asian. So then, obviously by my name, you wouldn't be able to tell that I'm Asian. So, I have a real concern for lenders giving inaccurate data by having to report based on visual observation and surname. So, those are the things that I kind of wanted to bring up and I think everyone for their time.

Well, Mary, thank you. You really hit on a couple of important points and I think that's very appropriate and those are examples, me myself I sit in the bank lobby, I'm the CEO and the president, the president's office for 98 years has been in the lobby. And, I hear every different surname and I see every different person and that's not the way to identify. So, but, you talked about the trust issue and, one of the questions that we had here was what barriers can inhibit actions to credit? I think the trust issue is huge. When you look at some of these areas, there needs to be requirements that if you have community, large banks that are issuing payment cards for public benefits, not including their loan business in those areas where the cards are issued, I think it's a mistake under CRA. It needs to be there if you are going to issue these debit cards which become the primary banking relationship that these folks have if you have an account they just have a benefit card and, if they want to start a small business or get a loan for anything, they're going to go to somebody besides a bank where they're not going to be covered by all the regulations that you folks right and we have to live with a, so, the trust issue, it's not getting any better when our brothers and sisters in Congress are adding things like the IRS submissions of cash flow through banks and, the SBA lending, directly to small businesses which means they don't have to have deposit accounts with the financial institution where they get advice. So those are some barriers that are out there that really need to be addressed .

Hi I am Deborah from the credit union in Richmond, Virginia. Even though her a $5 billion credit union, we've been doing business lending eight years or so, we are still pretty manual, we do not have an origination system. So, the burden of reporting on this information is concerning. Even though I completely understand the intent, we would certainly need some time to have these in order .

Thank you very much .

Sorry for butchering everybody's names, Deb and Mary, my apologies, I should have talked to you first. Do we have others? Todd, Todd has his hand up

Good afternoon everyone. Todd McDonald, liberty Bank and trust, we are little over $1 billion in assets headquartered out of New Orleans. And, I definitely echo a lot of the comments that other members have shared and, from privacy also to the amount of information that's being proposed to collect, I would just suggest that some sort of ceiling be put on that because, as Community Banks we are limited to resources. Speaking directly from experience with Hurricane Katrina as well as the COVID-19 pandemic a firsthand I have seen where a lot of businesses as well as individuals have been very hesitant and what I much have shut down to any government assistance, due to the experience with hurricane Katrina relief efforts, whether they saw how different information was shared and not necessarily dealt with and managed appropriately. And right here we have locations in 10 different states, but here in New Orleans, we received the most pushback from the business community and, we are an African-American owned bank so we saw a lot of African-American owned businesses turn away from the COVID-19, SBA, PDP, so I definitely hear the concern of that and echo again the comments. I do understand that data is rich and necessary, but we do need to be very, very mindful of how we put the application onto our institutions.

Todd, thank you for those very timely comments and for those who don't know Todd and his bank, they've done an absolutely incredible job of thanking the en banc between small business and consumer and they are certainly a force to be reckoned with as far as understanding the problem we have here.

Barry, Anderson?

Thank you. Barry Anderson, President and COO of FNM Bank, $600 million bank in the suburban area north of Houma city into rural areas further north. I concur with all the comments that have been said. We still do business, a lot of business loans with small businesses. It's not uncommon for us to talk to our customers that Friday night's football game, Sunday after church, something like that, we agree, we know when we paint them for a long time and we agreed to the loans. You're required to go through the application process and before we can fund the better get the money to them, whether it's a $5000 to buy a new piece of equipment, maybe it's $15,000 to cover payroll for a while or things of that nature but it's definitely gonna sell the process and we don't have limits on the amount that we loan. There's no minimum loan amount yet. But, as this comes forward we have to look at that and we have to also decide the cost basis on this. But, gathering data which we do and collecting it is a job and a half in our operation, along with the cost of the software and things like that. So, I would like to consider looking at that in increasing the cutoffs, maybe it's an asset size or maybe it's a larger amount than 25 loans or something like that but it's going to impact the smallest of the business customers that we have, should this be implemented as it is proposed now. And, I agree it concurred with all the comments that have been sent so far and I would like to get some feedback from staff on what are the other things you are seeing and hearing out there, so that we can come together to accomplish this goal, to get this 1071 implemented efficiently and effectively and get you the data, or get the data out there that is needed to accomplish these goals, thank you. .

Thank you, Barry, I don't see any hands up at the moment, I appreciate that. I don't see any staff hands up but please jump in, staff when we have questions. You know, it was earlier mentioned, Chris mentioned that the standard that's being applied towards defining an application is reg B, it's a consumer rule. Small business lending doesn't really have a lot to do with consumer lending. Consumer lending is homogenized and it's done that way for a reason. There have been abuses there but, small business lending, they need a customized package. My recommendation is that each person on these two panels, these two councils, could put together one of our lenders to talk with folks from the CF BB so that you can talk directly with people to take small business applications for a living and get a feeling when the inquiry becomes an application, by interviewing some of these folks that take them every day. I really think that will get you closer to a definition that works, but, I know that reg B and defining an application is a simple way to do it and I like simple I really do but, in this case I just hate to see the flexibility that financial institutions have disappear. Now, do we have any questions from the folks at CFPB. I've talked a lot today and I haven't heard any questions from you folks but we have some great minds out here .

No ?

I know there are a couple of folks.

Just making sure --

Excellent .

I just expect that some folks react here. We've been having some technical issues with the WebEx and --

Can you hear me ?

Thanks, I will let you speak .

No, of course, course. This has been incredibly helpful and useful to us to hear all of this feedback that members have been providing. We have been listening intently. I have not had any technical issues, I've heard everything that has been said. Just a couple things and I've been taking notes vigorously over your on my end. One thing and I want to be mindful of everyone on the team to give time. We've only got a couple minutes here but the firewall came up several times and I just wanted to be clear that as the Bureau proposed, the intent there in addressing the statutory firewall requirement for the intent in the proposal was to actually provide flexibility to institutions, so that they themselves can make the determination of whether or not it is feasible to block off employee access to certain information. If it's not feasible, then the standard is flexible in the proposal and the proposed rule would allow the institution to simply provide a notice to that particular applicant or to all applicants and the proposal actually includes some model language that institutions could use to explain that situation. So again, I just wanted to make sure that it was clear that yes, this statute requires certain employees to be fire walled off of some of the demographic information but the proposal addresses that in a way that we believe provides flexibility, especially for smaller institutions that really have a handful of employees that they are absolutely handling the information and there would be no way to block that off. So, I just wanted to make that point. I have several levelers but I just wanted to stop there to see if Chris, Grady or Alan have other thoughts .

I wanted to, just for a minute address the $1 million amount, versus $5 million. Definitely appreciate all the comments that you've made and would encourage you, in addition to this form, please get your written comments and especially those things if you will that acknowledge what we did right and we think that having this very simplified definition is one of those things that we did in response to hearing that the industry needed something better than the standard way of doing standards by each individual mix code. There's only 1047 of them. One thing you should understand is they look at their size standard is the gold standard and, in trying to get them to adopt hours, one of the biggest concerns is how many businesses qualify under the SBA standard would not qualify under what we are reposing and what one would qualify that wouldn't under SBA but there are many fewer of them. I think SBA standards qualify 99.8% of the businesses in the country. So, the million dollar threshold does a substantially less good job in including small businesses that would qualify for SBA, that's been one of the major concerns in our discussions and we are actively having discussions about this issue, but these comments that are going to be part of the NPRM will go into the final justification for our proposal and their response, so I definitely encourage you, not only to say, what you think is the right level but especially why you think it is, that would be very helpful in our discussions .

Thank you, Grady. Chris, do you have anything?

Other than thank you to everyone, this is been extremely helpful .

Thank you, Chris, thank you, Grady and thank you everybody. Thank you, Emma. The question on the firewall is very simple, very simple common is just that putting the notice out for the bank that could cause a competitive advantage I see it being even more so of a competitive disadvantage in the credit union world where there are some very large cutting unions, if someone is choosing between them and one has a notice and one doesn't, they might interpret it as something else and that's just a very simple thing to note. We are at our time limit for the break. I would love to continue this but like I said, we could continue this all day, because we have a lot of comments. This is the most significant event for our banks and our ability to lend to small businesses. And as you've seen over the last few years, small financial institutions keep the economy rolling. We are the heartbeat and, none of us are making comments because, we don't want to work. We want to work anyway and, we are going to spend money on regulations. We want to do lending. We want to land and we want to see new businesses in our community. I drive by every empty storefronts every day and I wish I could put a new business in there. The simpler I could keep it from my customers, the better. So, thank you for listening to us today .

So everybody, we will have a break and be back at 245 a.m. This is great conversation and thank you all. We will talk about older American financial stability, next. Thank you.

Thank you so much, John.

[ Event is on break until 2:45 PM EST. Captioner on stand by. ]2:45 PM EST. Captioner on stand by. ]

Welcome back everyone. Hope everyone is back from the break, the break is officially over, that means we are going to shift to the next agenda item. Were going to hear for the office of older Americans on age friendly banking initiatives. So, as a reminder, you should have got the presentation via email, if not you can find them on consumer finance.gov. For this session would joined by Deborah and Kate, both from the office of older Americans. So, Deborah and Kate, please take it away.

Thank you very much, John and good afternoon everyone and thank you very much for inviting us to join you for today's meeting. My name is Deborah Royster, assistant director of the office for older Americans. I joined the Bureau in August 2020 after spending most of my professional career practicing law in the private and government sectors. I concluded my legal career as General Counsel to the DC Department of aging and community living serving older adults and their families in my hometown of Washington DC. And in 2015 I joined see very resources for aging, Washington area nonprofit that provides support services to older adults and their families in the Washington region. See Berry serves more than 15,000 older adults and provides affordable transportation and affordable housing services, transportation, case management and nutrition support services. And, in these roles, I really came to gain a much broader understanding of the diverse range of issues, challenges and opportunities that were older adults and their families experience as we all grow older. This is also where I learned about the important mission and work of the consumer protection financial Bureau in the office of older Americans. This is an honest privilege to be part of the CFPB team and the efforts to serve and enhance the lives of Americans of all ages, including older adults and their families.

Before we begin our presentation, we do have a brief disclaimer. This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance or advice of the Consumer Financial Protection Bureau. Any opinions or views stated by the presenter, the presenter zone and may not represent the Bureau's views. .

I would like to begin by telling you a little bit more about the work on the office for older Americans. This is part of the consumer education and external affairs division within the CF PD. Our work focuses on educating consumers and intermediaries and working to help to protect older consumers from financial harm and to help older consumers make sound financial decisions as they grow older. Many of our resources are targeted to adults age 62 and older. Financial caregivers or professionals who interact with older adults. The office for older Americans also has several resources that are specifically designed for financial institutions, including reports, advisories and free consumer education tools. We are very excited today to share some information with you about our offices age friendly banking work. Our office strives to provide helpful and free resources to educate older consumers and to support banks and credit unions in your efforts to engage with older account holders and prevent elder fraud .

We would love to hear from you today about any new age friendly practices that you are aware of as well as challenges and barriers that you see related to age friendly banking or services for older adults from underserved communities.

We would also be happy to hear any ideas that you may have for the office for older Americans got to let us know how we can better support existing efforts in these areas. So, the next slide, you are a little ahead of me and right on time. So thank you. I would like to set the scene for today's discussion by sharing some information about elder financial exploitation and the impact of financial insecurity on older adults. So why is age friendly banking important? Over 23 million Americans age 60 and older are economically insecure this means that even a small financial loss can be devastating to their financial well-being. Often, older adults are living on fixed incomes and it can be extremely difficult for someone to whether a financial loss when they do not have much flexibility in their budget.

A true link study found that 37% of older adults were Vick terms of elder financial exploitation, and average monetary losses were higher among low income older adults. The office for older Americans also analyzed suspicious activity reports that were filed by financial institutions from 2013 to 2017 that involved elder financial exploitation. In this study we found that when an older adult lost money to financial exploitation, the average loss was approximately $34,000. You could imagine what an impact a loss like this could have on someone's financial well-being, particularly those with limited financial resources. And, the nonfinancial effects of exploitation are important as well. Financial losses from elder financial exploitation can negatively impact the quality of life of older adults in many areas, including access to healthcare, eligibility for public benefits, housing, food, and credit and, the ability to retire.

Of the older adults who experience fraud in a study that I referred to, one .8% loss their home or other major asset is a major result. 6.7 percent skip to medical care and, 4.2 percent reduce their nutritional intake for budgetary reasons. This study estimated that 954,000 older adults are currently skipping meals as a result of financial abuse .

Many individuals also suffer depression, anxiety or loss of independence. Overall, 41.2% of older adults who experience financial abuse reported that they experienced nonfinancial impacts like these. So, this data really does validate how devastating these losses are for older adults.

So, why is age friendly banking important? A bank or credit union account allows consumers to safely and easily deposit income, pay bills and make everyday purchases. When older adults are connected to a bank or credit union, age friendly interventions can help to prevent elder financial exploitation. As you know, examples of age friendly practices include financial institutions asking consumers to identify trusted contact when staff can contact in case of suspected financial exploitation, financial institutions placing holes on transactions or delaying disbursements where they suspect elder financial exploitation and, financial institutions reporting suspected financial abuse to authorities, such as Adult Protective Services or law enforcement. In addition, age friendly innovations can include financial technology such as automatic transfers and bill pay, automatic alerts, financial management applications and personalized reminders and alerts. These types of interventions, as you know, can help prevent financial exploitation and increase -- decrease the fraud losses sustained by older adults. However many adults do not have assets to a bank account or credit union account. And, these un-banked and under banked individuals, typically engage in at least -- at least once a year in alternative financial services such as check cashing and payday loans that often involve higher fees.

Older adults with limited proficiency who come from lower income households, lack households, Hispanic households and American Indian or Alaska native households, are less likely to have a bank or credit union account. Households headed by someone ages 50-64, 3% of white, non-Hispanic households had no bank accounts while African-American/Black, non-Hispanic households had un-banked rates of more than 5 1/2 times as high and Hispanic or Latino households had more than four times as high, I'm sorry, had un-banked rates more than four times as high. These individuals already face significant challenges related to financial well-being and, therefore, it is absolutely critical to increase access to banking services and, age friendly product features to help address existing disparities.

Now, I will turn this program over to my colleague, Kate, so that she can share additional information that we have about the age friendly banking work with you. Kate ?

Good afternoon everyone, we are so excited to be here with you today. We are really looking forward to learning from you about some of the issues that you see, and some of the ways that our office may be able to support your work.

I'm a Policy Analyst with the office of older Americans and I am the lead for the age friendly banking initiative and also work on other projects, related to other financial exploitation as well as financial technology. We find that older adults need age friendly financial services and products that are accessible, responsive and relevant to their needs. In a particular service that can help prevent financial exploitation. Banks and credit unions have led and participated in so many different innovations and explorations of age friendly practices over the years and we would love to learn from you. Our office works to support you and enhance your ability to prevent and respond to elder financial abuse and to protect older consumers and, ultimately, the goal of our age friendly banking work is to reduce the number of older adults who are un-banked or under banked, who are digitally disconnected and who are financially exploited. Banks and credit unions and other financial professionals, you all are uniquely positioned to detect elder financial exploitation and take action on this issue. Our work largely includes consumer education for so we work to reduce stigma and shame, to educate about red flags, to encourage reporting to Adult Protective Services or law enforcement when elder financial abuse is suspected and to share resources for prevention and response.

We also work to engage financial institutions and other stakeholders as well, in the fight against elder financial abuse. This includes releasing voluntary recommendations, to identify promising practices for financial institutions and, several other pieces of work that I will share with you now.

As one example of the past age friendly banking work, in 2016 we released our advisory and recommendations for financial institutions, focused on preventing and responding to elder financial exploitation. These resources have promising practices, to enable financial institutions to prevent elder financial abuse or to intervene when they recognize it. Some of the key recommendations focus on developing internal protocols and procedures to protect financial expectation for elders. And returning frequently including warning signs that might signal financial exploitation as well as action steps and what people can do for prevention and response. We also recommend the use of technology to monitor for signs of financial abuse and, we know that this is changing all of the time, it might include something like reviewing filtering criteria against individual members patterns, or looking at other risk factors that might be associated with financial abuse, in a changing world.

We also encourage filing suspicious activity reports and using the box for financial exploitation of elders and also establishing procedures about account holders can divide advance consent for the financial institution to reach out to a designated trusted person if staff believes that the account holder might be at risk of financial abuse. Our advisory and report are available for download and also available for free print order if you are keeper person like me.

[ Captioners Transitioning ] And the update was focused on how credit unions and banks can best report elder financial exploitation to the appropriate authorities like Adult Protective Services or law enforcement. In this update we provided an overview of recent federal and state legislative changes including an overview of the senior S.A.F.E. Act, as well as charts of state statutes on key topics like mandated reporting of suspected elder exploitation, transaction holds, or disbursement delays when elder financial exploitation is suspected, and record sharing with Adult Protective Services and law enforcement on active elder financial abuse cases. Again, we encourage the reporting of suspected elder financial abuse to the relevant federal, state, and local authorities regardless of whether that reporting is mandatory or voluntary under state or federal law. We also encourage an expedited response. If Adult Protective Services or law enforcement makes a request for documentation from a bank or credit union related to an active investigation, we encourage that the provision of those records in an expedited fashion. These recommendations are, really, there to help financial institutions take a look at your policies and procedures and to decide whether there are additional voluntary measures that might be helpful for you as you are working to prevent elder fraud. I would like to talk briefly, now, about the evolution of our age friendly banking work going forward. Next slide, please. One recent release from our age friendly banking initiative is a new promotional toolkit. We designed this to help spread the word about our free resources for banks and credit unions. A lot of the times when we are out in the community, we find that consumers aren't necessarily aware of the consumer financial protection Bureau, or what resources our office for older Americans might have. This is a way to share our age friendly banking resources and our free consumer education tools like our managing someone else's money guides for financial caregivers, our money smart for older adults scam prevention curriculum, and our free fraud prevention place mats and handouts. The age friendly banking promotional toolkit has content that you can copy and paste into newsletters, blogs, email blasts, or social media post to share these resources with your audiences. We are, actually, getting this online as we speak. It should be available in the next week, or so, on our website. Next slide, please. As Deborah shared with you, of course, many older adults do use bank and credit union services, but an increasing number of older adults, in particular, those from racial or ethnic groups that are traditionally underserved, as well as those with lower incomes. Those folks are either unbanked or higher banked at higher rates. We work to reduce the racial and income based disparities that impact older adults access to banking services in financial technology. One of our two broad goals for our age friendly banking initiative, in the coming year, is to identify ways that we can help to reduce the number and proportion of older adults from those historically underrepresented groups who are unbanked or under banked, or who are digitally disconnected. Our second broad goal is to encourage financial institutions to implement more age friendly practices and to help you expand your capabilities to prevent and respond to elder financial exploitation and to protect older account holders assets. We have found that age friendly banking has become even more critical during the pandemic, as access to age friendly online and mobile banking services has become essential. Older consumers are finding it difficult or, even risky to their health, to visit a branch in person. Although many older adults are adopting financial technology and are proficient users, low to moderate income older adults face unique barriers. Things like feeling they lack autonomy were fearing risk from financial technology. Healing tech challenged or that technology isn't designed for them. An older consumer needs to be informed about the potential risks and benefits of financial technology tools to help them manage their finances and to prevent elder financial exploitation. Next slide, please. In line with these goals, we have recently released a new cfpb on remote online authorization. A practice it is become more common and was adopted by many states during the pandemic while offices were closed. Many states have laws that allow online notarization on a permanent basis, but others have put temporary measures in place during the COVID pandemic to allow it. As you know, usually, someone who needed a document notarized would meet with a notary and public face-to-face, and they would sign with ink on paper. With remote online notarization, the notary could meet with you on video and verify your signature on electronic document. We find that, even as places are reopening, this can still be used for convenience, as well as if the signer is in a different state from the notary. We want to make sure that older adults who are interested in using this service can use it safely and can use it, may be due to concerns about social distancing or physical safety. It could also be helpful for folks who have mobility or transportation challenges that might make it difficult for them to visit a notary and person. Next slide, please. We are also developing new educational content for financial institutions and for consumers about choosing a trusted contact person. This project was, actually, driven largely by conversations that we had with X and credit unions who were considering implementing this emerging practice. They saw a need for more resources and more consumer education on this topic to educate their staff, as well as to encourage consumers to take advantage of this protective account feature where it was going to be offered. This is a way that financial institutions can help older consumers protect their financial well-being, so a trusted contact person could be an adult child or a close friend who the banker or credit union could reach out to in a specific situation. For example, a bank or credit union could alert a trusted contact if they can't reach the account holder, or if they suspect that the account holder is at risk of financial exploitation. We see this as a great way for older adults to get some extra support, and for banks and credit unions to get some extra support. Trusted contacts don't have access to the account holders money or their financial information. They just get notified if a staff person has concerns about the account holders financial safety, so that the trusted contact person can step in and can help connect the account holder with the bank or credit union to resolve the situation. It is, kind of, like an emergency financial contact. We are currently developing some resources to support banks and credit unions if they do decide to limit this practice, as well as information for consumers. Our office for older Americans is also working to compile some new data on suspicious activity reports involving elder financial exploitation that were filed in 2020. We are really looking forward to sharing those findings, and some new trends that we observed in that data, later this year. Please look out for that, as well. Now, I will hand it back over to Deborah.

Thank you, Kate. We hope that this overview of our age friendly banking initiative has been helpful. For those who are interested in learning more about our age friendly banking initiative and our other priority areas, we invite you to join our mailing list to receive occasional alerts and updates from the office for older Americans. Our office is very interested in hearing from the members, today, about recent age friendly innovations, financial technology used by older adults, challenges faced by traditionally underserved groups of older adults with regard to access to financial services, and challenges and opportunities that you are experiencing in addressing these issues. We provided some sample questions, in the discussion guide, to help guide the conversation, today. We look forward to hearing your insights, which will help to shape the project and the priorities for our offices age friendly banking initiative going forward. This, from our perspective, this is a really important conversation to have. Thank you, very much, today for your time and your attention. We can now close out the PowerPoint presentation and I will hand the program back over to John.

Thank you, so much, Deborah and Kate. Wonderful presentations. As far as us, we are all frustrated by this problem. It is tough. I mean, myself and my family, we have been apart of the loss both on my side in my website. We have had home health care aides both steel and take over financial accounts. We have seen it, there. Those of us on these councils that handle deposits or loans, we have seen it there. I handled indirect lending for many years, and I can't tell you the number of times I had to sit down with someone who signed a guaranty on a car loan that we just repossessed. I realize, now their nephew is driving around a car and they don't know where he is but they have to pay for it. It really is an important topic, and we are very happy to hear that the office for older Americans is right on top of it. A lot of great thoughts, here. You know, for the committee members, we are going to start our Q&A. Again, remember to raise your hand, those of you that have questions and want to talk or put a comment out there or have a question for Deborah and Kate. As a reminder, before you speak, unmute yourself and you can turn your camera on. When you are done please meet yourself and turn your camera off and put your hand down. We did a marvelous job last time, got just about everybody in 2 to 3 minutes. We have got some time, here. We have got a little over half an hour. Looking for our first hand up. What do we see? I don't see a first hand up, anybody jumping to be first in line. Michael, sorry. I see a first-hand up. Go ahead.

Did you call out my name, John?

Yes I did. Am I pronouncing it right?

Several thoughts, here. In fact, I have a lot of thoughts but I will try to keep it brief. Not in the least because I, actually, and in this age group myself, as are many on this call. As a CDF I credit union, we serve a lot of people who fit the demographics of what you are describing. One of the things that struck me, as I read to these materials, was that a lot of these initiatives are described as being age friendly. They are really appropriate for a lot of people we see. We see a lot of people who are, maybe they fit the bucket of low income or they lack education. Certainly lack financial knowledge about how the system works, and a lot of these things that you are suggesting for seniors would be appropriate for them. They are not comfortable with the technology either. Of course, all of this is in the context, I was just at our state associations annual convention, last week. I heard speaker after speaker talking about how the -- certain large banks are really gaining market share and they are doing it because they are going after all these tech savvy young people, and there is a rapid increase in the adoption of digital technologies. Some banks are focusing their efforts in cities where these people are gathering. While hearing those speakers talk my thought, instantly, was going to, what about the people who aren't in the demographic? Who is rushing out to serve them and making those investments? That is a concern. In reading through the materials, the thing that really I got excited about was, it was in the handout from the national community investment coalition. Talking about the trusted contact person and what they are referring to as read-only access. The term we are certainly familiar with. I like that term. I even put it out to an online chat group of our core data processor users. Would they be interested in going through the processor and saying, can you add this feature to our home banking? Not only did I get a lot of response on that, but someone said they get a lot of questions from business clients that would like to have that to be able to give certain employees access but not to the ability to do transactions. One area, and maybe this is available and I'm not aware of it, that would be helpful. Some sort of a model form put out by the CFPB that would -- something simple. The state of Illinois has a power of attorney form that is available on the Secretary of State's website. It is, I don't know, four or five pages long. It covers every situation, and it is pretty intimidating for people to fill out. Just something that would be simple, a halfpage form that gave us authority to contact this trusted person I think would be very helpful, and certainly would probably make some attorneys out there feel better about all this. My final comment, sorry if you could hear that silly phone. My final comment is that, you mentioned referring these cases to the local agencies, and here in Illinois, at least, there is a problem in knowing who to contact on that. It is somewhat fragmented. Of course, these places all are underfunded and understaffed. That is not a federal problem to solve, but it is certainly an issue for us. I have probably overstayed my time on this. I will now meet myself.

Yeah, three minutes. Perfect. I appreciate it. As a follow-up, to the trusted individual form, you know, a great example they can take from another industry is the HIPAA form. It has become normal that you add somebody to your HIPAA so they can have access to your health records, yet it is not a healthcare proxy where they can pull the plug on you. Thank goodness. That would be a model that would be something that we would like. A standard form would make it much easier for us. There is a standard HIPAA form out there. Having your agency issue it would make life easier for us, and would make acceptance easier too. Christina, you have a comment?

I do. Thank you. I will also try to be brief. This is a cause near and dear to my heart. I was serving on our states elder abuse prevention task force. I have all sorts of things to say, but I will try to be brief, I know everybody has a unique perspective. One thing I would add, we are a $4 billion bank with 22 locations in 17 communities in South Dakota and Minnesota. We really did see an increase in fraud during the pandemic. I think a lot of people, the research supports it, were isolated and lonely. Where we saw the most fraud was with our older American population falling victim to scams, particularly romance gams, which I think is something that not a lot of people intuitively, necessarily, attribute to the older population. That is where we saw the most loss. Those are incredibly difficult scams to convince the older American that is actually a scam. Particularly, when we are not, you know, manually reviewing checks, sometimes that different transactions that are scams, you know, they start small. It is not as easily caught by the financial institution early. One thing that we have, really, try to do. We can do the innovations, we can do the automatic transfers and all of that, but at the end of the day it is still the customers money and they are the ones making some of those decisions. It is just to try and build relationships with that population, which was difficult during the pandemic. We are starting to get a little more comfort with them coming back into the bank. We host, like, fraud symposiums and we offer pie. We have a movie night, and a lot of our communities were buying tickets. We will offer that population discounted tickets to the movie theater. Anything we can do to establish connections with people, because the one thing that we find is, this is embarrassing. Nobody wants to say that they were the victim of it. I think one of you mentioned it, earlier, removing that stigma. I think that is a real key point to helping with that. I also think that, in the Midwest in particular, we are nice. We don't always push back against the scammers. It is intuitive, maybe not as intuitive, for people to hang up. That is something we try to educate. It is okay to be skeptical. It is okay to push back. I think one other thing that I would just mention. We stopped transactions, we do that here. We do allow people to add a trusted contact. The unfortunate thing is, sometimes when we stop it they will pull their money and go open an account somewhere else. That has been a real frustration of mine. In one of our communities, in particular, they walk across the street and then they continue the activity. We are lucky, there is a person in our Attorney General's office who focuses on elder abuse, and that has been a huge resource. Like Michael said, in some states you don't know where to go. When you have a particular issue. My final point that we have had luck with is, partnering with some of these community groups to reach, particularly, those under banked and customers who may be more skeptical of a traditional banking institution. We have had really good luck partnering with the AARP, doing things with law enforcement, doing things with, you know, come on as and different church groups. Preventing elder abuse is good for everybody. It is good for a community. It allows us to reach those people who, maybe, wouldn't look to their bank for whatever reason or are unbanked. We have found most partnerships helpful. We did a couple of episodes on our public broadcasting channel, and we received so many questions. It was a call in program. So much good feedback on that. You have to meet people where they are at. That was just a really effective way for us to communicate our message. With that, I think I have exceeded my three minutes. I will stop, now. I really appreciate the opportunity to talk about this important topic.

Christina, thank you so much for all of the work that you and your colleagues are doing. To help prevent financial exploitation of older adults. Thank you for raising the issue of romance gams. Indeed, because of social isolation of all of us, particularly older adults, there has been a dramatic increase in the number of people who are victims of the romance scam. Interestingly enough, romance scams actually increased across all age groups during 2020 following the pandemic. Older adults lost the higher amount of money. The average dollar loss was about $9500 according to FTC data. Which, of course, can be devastating. Many times as you probably know the romance scam is step one of a larger scam of turning that victim into a money mule. We have also heard of instances of that. We do a lot of work in this area because the data shows the more adults know about specific types of scans the more they know how to respond to them -- we have an initiative called money smarts for older adults which has been out of their for a number of years. I call it a turnkey consumer awareness initiative that really educates consumers -- specifically on romance gams. The reason we did that was to respond to what we saw as a significant, you know, increase in the number of people who were being impacted. The work you are doing to reach consumers where they are and speak to them directly about these scams is extraordinarily helpful. It sounds like you are already aware of our resources but we encourage you to definitely take a look at some of the newer resources we have issued on romance gams.

Christina on several very important parts. Thank you Christina for that. The two points are, one, people are proud. They do not, especially people who are elderly, they do not like to admit they have been defrauded. We have the most difficult time convincing someone not to acquire that money. Sometimes we will refuse, and like others, they will walk across the street. Combine that with one of the things we found very successful with the rental, and the housing insecurity program. The CFPB has a great relationship through their education area , their distribution area, with community groups, you know, organizations of faith. I'm sure you could add senior centers and offices for the aging and communities. Because if the is, if there were presentations on this, at some of those organizations, you know, after church. After a senior dinner. That would go a long way to helping people feel they are not alone, and may be admitting that it is okay that somebody has targeted them. We have the next person up. We have Michelle Dwyer.

I'm going to leave my camera off because I'm getting unstable Internet. I just want to make sure everyone can continue to hear me. I want to, kind of, echo what Christina said. We have a lot of the same experience. We have utilized those resources significantly at our credit union. We have hosted several lunch and learns on financial exploitation for elders. It has come in very, very handy. Specifically, what Christina said about, you know, some of the trust issues we see when we are trying to embrace those preventative interventions by asking questions and being more inquisitive. It does seem to put off some members, as far as, you know, they may take offense to us making inquiries because they assume that we think less of their capabilities of logical thought or understanding their finances or their judgment in forming personal relationships. We have also seen a lot of romance scams coming up in Facebook. Just in general, literally people cold calling somebody and creating a relationship that way. The one thing that we have taken away so much from the lunch and learns, is how much peer community has, really, been a factor in getting education out. During the lunch and learns, we have this panel of D.A.s and law enforcement, life Path which is an organization that steps in for elder exploitation and financial advocacy. The real educational opportunity comes when we are able to get somebody in the audience that is of the peer age for older Americans to stand up and say, this is what happened to me. When that happens, the attention in the room it shifts so dramatically. I would really encourage the CFPB to engage with the older American population in creating learning content for their peers. And, you know, continuing to have that relationship with AARP or other trusted organizations that they, actually, engage with on a daily basis and find trust in. There is still a severe lack of trust in the financial industry, especially with the unbanked and under banked. Having those accesses in, you know, whether it be applications within the AARP catalog or mailings or, you know, digital is still good but those things need to be sent out in a different way, as well. I think that creating those relationships and that peer content will really help address communication gaps within the bank and the members and have a huge impact in making that trust relationship a little bit better. Thank you, so much.

Thank you. Wonderful points. I am taking notes, too, by the way. Michael Tucker?

Hi, yeah, I repeat those things. In fact, it isn't just Facebook. Managers, and we have gone through a lot of training every year to recognize that. I have had customers in my office that don't believe me. Literally, when I say we're not going to honor any more checks to that group, closed the account and went elsewhere. It is their money, ultimately, and I couldn't say he was incompetent. He just believed he was really doing something right. That is a tough one. Ironically enough, the romance gams we have seen the most come through the website Christian mingle.com. Things that people are on that and seem to believe that, because they're dealing with fellow Christians, that they are good people on the other end. That has not always been the case. We have seen at least a half-dozen instances of that in the last couple years. Just throwing that out.

Thank you, Michael. We have Mary Boucher.

Thank you, John. We have had done, previously, a lot of in person senior fraud abuse seminars. We know that, you know, not everyone is going to come into the bank. Unfortunately, the pandemic has, you know, greatly impacted that. Not only from, you know, thing shutting down but, you know, working with a high risk population, as far as COVID. We tried to, kind of, switch and offer virtual, but we just didn't get the engagement like we wanted from the seniors. As the in-person presentations. That is something we've been battling with, and still battling with as we try to schedule some things out in the community. You know, we still have some people that, you know, don't want to be in a group and don't want to that in person presentation. At the bank, how we have, kind of, navigated around the seniors not being, you know, so digital ready. We still offer our telephone banking, and we still have our branches that answer phone calls so we are able to talk to our customers. We do have an aging customer base, since we started in 1824, we have been a community bank. We do have a large population. We are so blessed that we have such a great BSA officer, he is very diligent on overview. The key, I think, at the financial institutions is the education on the front line on the things to look for. When dealing with the situation. That has really been the key in preventing some of the scams on the front line in the financial institutions. I still believe community outreach is still important to the unbanked, or the ones that don't have access to computers and have access to this information. Goes a long way to hear, like, I will echo what someone else said, talk about their story. I think stories are so impactful. When you share stories, that impacts the seniors even more than just presenting the content. Thank you.

Thank you, Mary. We also have Michael Levy who has some comments. Michael?

Thank you, Michael Leavy, Travis credit union in California. I agree with everything that is been said. This is about relationships -- it is such a difficult issue. You know, phishing scams are huge. Trying to explain to my own mother, who taught me not to talk to strangers, your nephew is not in jail across the country. The printer repair guy doesn't need access to her banking credentials. I'm talking to her on the phone like, mom, rip the plug out of the wall that is connected to your computer. I am not sure that increasing digital banking is always a great idea. Wealth is just too accessible these days. Unless there is a way to protect them from somebody who shouldn't be there, it is really tough. Lately, we have become so much more reliant on technology, and also our contact center staff. The more we move on to digital platforms [ Indiscernible - muffled ] it is a huge recipe for disaster. I would suggest that one area that hasn't been mentioned is second-generation Americans getting their kids engaged with their parents. Standard trust and contact forms is good. I grew up in a generation where parents did not discuss their finances. Educating Americans that it is important to share information, at least, as a contact to help text them is valuable to members of our community. When the pandemic began, Travis reached out to our members to help them with their digital channels, but we also reached out to our older members to see how we can assist them with their banking. Once again, it is the direct connection that is really the key to all of this. Again, it is possible to dissuade somebody. But it is very difficult. One thing that we need to see more of across the country is cracking down on -- [ Indiscernible - muffled ] thank you for all of your work, this is really a big issue.

Thank you, Michael. Please, if there is anybody else that has some thoughts, raise your hand. A couple things that came up in the comments, here. Technology, and that was one of the questions that you have asked. For us, it was quite interesting. As we introduce new technology, we do have a group, a solid strong group of 60 to 80 something-year-olds that are the first ones on it and that are quite active users. We also, of course, have a group that don't. Our usage of electronic products is actually at a higher percentage for our older customers. I am not sure what that means, except for that we have got some customers that are used to using this type of technology, and the ones that use it are not the ones that we see come in with the fraud on their accounts. The fraud, the people that have the fraud, are the ones that have someone in their life that is taking advantage of them, in general. Or a grandparent or, of course, the romance scams. The other issue, that is so frustrating to us, because our security officer I have never seen anybody better of talking someone out of something. She can do it. This is her mission in life. She has been working on it for many years. We all are frustrated by the lack of response on some adult protective services, some law enforcement, and literally of all the stars we have submitted we have never heard anything back on a single one. I asked the Secret Service about that, I was at a session with them, they said yes they look out of them and they get statistics and they learn about the fraud, but it is not often that they do reply to that certain case. It is sad when you get somebody who has been stripped of all of their net worth, or their house, but it does happen. I think there have been a lot of great ideas, here. I think there, certainly, is a way that, through your office for older Americans, you could find volunteers of security officers who do this for a living. Talk to these folks and can give you some examples that will help you narrow down, even to a deeper level that we are helping you today. Do we have any other folks that have some things they would like to ask? Kate and Debra would you like to ask some questions of us? Monica has her hand up. Monica?

Hey guys. How are y'all? This is Monica from Union Square credit union in Texas. John, kind of, nailed it on the head. I am compliance audit security, risk management. I have a lot of hats, here, at the credit union. We see this type of thing day in and day out. It is so frustrating to not be able to effectively help some of these people. They are, as everybody has already pointed out, they are very adamant that these are friends of theirs. They are going to take care of them. The money is going to come back to them. Just a couple of things that I wanted to point out. What we have seen is that, if you are looking at online banking and online bill pay and we look at online notary. Those are all wonderful and good services, but what we have seen is, typically, the scammers or the fraudsters are actually convincing our older population to give them their credentials. And then they get onto their online banking and they get onto their bill pay and it depletes their accounts really quickly. Sometimes, now that, you know, we have these different products such as Excel and cash up and all of that, it is really fast and it is hard to stop before they can do some damage. Just that to consider. The other thing is, just for financial institutions in general, I think one of the things that would really help would be if there was some protections afforded to the credit unions and the banks that, you know, if we are reporting this stuff to people that we know are in the best interest of our consumers or our members, that we would get some protection from any potential disclosure of information. Just because, you know, you would want to help these people, and we want to stop these actions from happening, but we are, kind of, hamstrings not being able to reach out to anybody that is, you know, legally not on the account or on the disclosure to be able to release information to. Something like that would be good. That is all I have.

Thank you, very much, Monica. Rightly appreciated. Really appreciate all the comments from the CBA see members, today. We have a couple minutes left, just wanted to open it up and see if Kate or Deborah have any questions or anyone else from CFPB has something they would like to ask us, or if there are any other comments to follow up on.

I would just like to react to a couple of points that were raised, John. Particularly your point about your frustration about the lack of response. We know that Adult Protective Services and law-enforcement organizations around the country are, like many other organizations, are stretched very thin. They have restrictions on how much information they can share, and we have heard this concern expressed many times by those in financial institutions and others. One of the initiatives that the office for older Americans is involved in is called our elder fraud prevention response networks. They are, our effort was to be very intentional in helping our communities in developing cross functional responses or interdisciplinary approaches to identifying and preventing elder fraud exploitation in their communities. These networks, we were very intentional about reaching out to financial institutions. Some of you may have participated in some of these. We convened these elder fraud prevention response networks -- network retreats in several cities and areas around the country. He is always involve law enforcement, as well as financial and tuitions. The hope is that we can bring those entities together with a critical player. We try to involve APS, as well, but we recognize they are such important participants in this issue, and we are trying to foster stronger connections. We do have more information about our networks on our website, and we would certainly encourage you to take a look at that. If there are opportunities where we can help you to establish or enhance a network in your community, we would be very happy to do that. I also just wanted to thank everyone for their comments, today. You all are on the ground, you are meeting consumers where they are, and your insights and experiences that you have shared with us are incredibly valuable to us. We have been taking copious notes. We absolutely will be reviewing this information and determining how we can respond to some of the excellent, excellent points and ideas that you have provided us. We value this opportunity, and thank you very much for your time and attention.

I want to echo some of Deborah's comments about the challenges of collaborating, oftentimes, with Adult Protective Services or law enforcement. I was just speaking with a banker, earlier today, who is saying one of the big challenges that they were facing is that, sometimes, they get customers coming back into the branch thing, you know, you told Adult Protective Services or you told the police that you were concerned about me, and that that can be, even a frightening situation for branch staff who aren't sure what to do with that angry customer who is coming in. They asked, is there a way that your office can help encourage Adult Protective Services and law-enforcement to not share that reporters information? Whether there is education that we could do on that issue, to educate Adult Protective Services and law-enforcement about how the process works and about that concern. If there are issues like that, places where you think our office can be helpful to you, or can reach out to other stakeholders as well, even in order to support your work in this area, please let us know. We are always available to speak with you or to answer an email. We love to hear those issues that you are seeing on the ground, so that we can find ways that we can intervene, create resources, use our networks to support your work because we know that you all are doing so much on the ground with these different customers in numbers and that you really care about this issue. Please let us know if you have ideas for ways that we can help you.

It would help if I unmute. Almost made it through two sessions without forgetting. Kate, Deborah, thank you, so much. This is a topic that we are all passionate about. What you are doing is helping so many people and making so many lives better by keeping the focus on elder financial abuse. Thank you, for all you are doing and thank you for the CFPB staff for bringing you to our meeting, today. We greatly appreciate it. Wonderful discussion, it is time for our break. We are going to take a brief, brief 15 minute break and reconvene at 4:00 p.m. Eastern for our discussion on youth financial literacy, K-12. We will see you in a few minutes. Thank you, everybody. Thank you Kate. Thank you Deborah.

[ The event is on a recess. The session will reconvene at 4:00ET. Captioner on standby. ]a recess. The session will reconvene at 4:00ET. Captioner on standby. ]

Welcome back, everybody. Glad to see everybody back. We are now ready to start our final session of the day. This is on one of my favorite topics, and actually the topic that brought me to this advisory committee. I am very pleased to start the topic of youth financial literacy, K-12. As a reminder, you should've received these presentations via email, so you can also find them, again, on consumer finance.gov. Today, we are joined by Bureau subject matter experts from the office of consumer education. They include Leslie Jones, and Lynn Harrelson, both from the office of consumer education. Leslie, not my wife Leslie Jones, but Leslie Jones from CFPB . Fire way, it is all yours.

Thank you, so much. We really appreciate the opportunity to share our youth financial education work with you. If any of you were around when we started, really, developing stuff a couple of years ago you will be quite excited and shocked by what has happened. With that, next slide. And the next slide. While we know that 90% of parents support financial education in schools, only about half of U.S. states have a financial education requirement to teach in school. Of those, only five have a state financial education exam. According to the most recent TIAA Institute personal-finance index survey, U.S. adults can correctly answer only 52% of the financial literacy questions in the survey. The results, sadly, were even worse for Gen X and GEN Y respondents. 36% of black Americans and 29% of Hispanics correctly answered only 25 percent of the index questions. Which is only seven of the 28 fielded questions. These outcomes are not shocking to us, as they track with the CFPB's analysis of the 2015 and 2018 program for international assessment financial literacy assessment. Financial literacy, during this, our analysis revealed that there are large differences in financial literacy scores across socioeconomic status. Those in the top quarter of the socioeconomic status distributions score, on average, 70 points higher than those in the bottom quarter of the socioeconomic status distribution. These differences in scores represent potential structural barriers for certain students. Such as, socioeconomic circumstances, limited access to a wide range of economic opportunities, and early experiences with adversity. Which can limit or interfere with opportunities to acquire financial capability. In addition to parents socioeconomic status, school level poverty is highly associated with financial literacy scores. Students in scores with the highest rate of free and reduced lunch score 50 points lower than students in schools with the lowest rate of free and reduced lunch. The differences represent roughly two thirds of an entire proficiency level. Finally, there are large differences in financial literacy scores by race and ethnicity. Black students scored, on average, 60 points lower than their white counterparts. Representing nearly an entire proficiency level. The gap between Hispanic students and white students is half the size of the black-white gap. What is still large, at 35 points. There is a need for youth financial education in this country, and the pandemic has certainly shown us just how critical that need is. Next slide, please. Financial well-being is the ultimate goal of our financial efforts, here, at the CFPB. Next slide. A commonly agreed and consumer driven definition and measure of the concept of financial well-being is the ability to meet financial obligations and still be able to make choices to enjoy life. This can be done by the lower income levels and at higher income levels. Following the adult financial well-being research, we sought to understand what knowledge habits and skills youth need to acquire in childhood to build toward financial well-being in adulthood. Next slide. Across the top of this diagram are the three building blocks of youth financial education. Children and youth need all three of these interconnected building blocks to achieve financial capability and make progress toward adult financial well-being. The building blocks include executive function, the thinking, skills, and abilities needed to plan ahead, focus attention, remember information, practice self-control, and juggle multiple tasks. Another is financial habits and norms. These are the values, standards, routine practices, and roles to live by used to navigate day-to-day financial life. Finally, financial knowledge and decision-making skills. This is the knowledge and skills needed to understand the financial world and make informed decisions. Down the left side is the developmental stage where youth begin to acquire each building block. You will note the check mark indicates the optimal developmental stage for beginning acquisition of each building block. However, each building block can be built on and improved on throughout childhood and adulthood. The building blocks serve as an umbrella under which each of your states personal-finance standards and competencies can be aligned. Next slide.

We often hear from consumers about what they wish they had learned as a child. Next slide. Parents, today, have a place to locate activities and conversation starters about money that they can use to build a child's financial literacy skills ages three through 21. The section is our website, money as you grow, is also available in Spanish. Next slide. Storytelling is a classic technique used to teach concepts, rules, and ideas. Here, on our money as you grow bookshelf, we featured 21 books that are commonly found in public or school libraries that contain financial literacy topics. I hope you recognize some of the titles. Lasix such as curious George saves his pennies, Berenstein Bears trouble with money, there is also a book that features a Chinese-American family and another that features a Native American family. Two of the books are Spanish-language titles. Next slide. We've also created parent guides for each of the stories on the money as you grow bookshelf that helps parents identify the key financial literacy ideas that are in the story. It gives parents and grandparents some things to talk about with their children and provides them with extension activities that they can do to continue learning from the book. Next slide. We have six stories, and one chapter books, for grades K through six about the money monsters. The stories teach that financial literacy is when you have the knowledge and skills to make financial choices that are right for you. These money months or stories will introduce children to ideas, habits, and activities that they need, as they grow, to start managing their own money. These stories and the parent guides are available as a PDF file for download or can be ordered as a free hard copy version that can be shared with family and children. Next slide. This new tool takes our building blocks measurement guide and provides a convenient way for parents and educators to identify what young people, ages nine through 18, understand, know, and can do about managing money. When students review their results, they are given strategies to extend their learning or work with a trusted adult to take the next steps on their money journey. Next slide.

Next slide, please. Across the country, policymakers, educators, and program leaders -- Sorry. Starting my beauty. For teaching financial education and building youth financial capability. Education leaders and practitioners have expressed an interest in research on effective financial education practices to bolster their efforts to advance financial education. Through the research priorities laid out in the report linked to on the slide, the Bureau hopes to continue to initiate research efforts that can unlock efficient and effective delivery of youth financial education in three areas. Schools, households, and communities. Next slide. Under this framework, the CFPB has issued a call for papers to address a selection of these questions . We have conducted learning clusters comprised of policymakers, educators, and program leaders to get input on promising practices and needs from the field. As mentioned, we have conducted analysis of the program for international assessment, student financial literacy assessment. This work is ongoing with a lens toward identifying strategies and practices to bring about equitable access and build equitable financial capability for all youth, regardless of ethnicity or socioeconomic status. The results are integrated into the development of the youth financial education resources you will hear about next. Next slide.

We took our research and made it actionable for educators. We provide them with a how. Next slide. This is our portal to all of our information on learning about our research and research priorities, as Lynn mentioned, assessing financial capability skill building and teaching financial education. Our popular resources for teaching financial capability include the financial education glossary, the money monsters stories, and 268 K-12 classroom activities. Our activities are designed for educators who are new to teaching financial education and for reinforcing in enriching topics. If someone is an experienced educator, there's a filter in search tool that makes it easy to find a 15 minute, 45 minute, or 80 minute activity to teach. I would like to show you some activities. Next slide. This activity helps a student plan their financial path to college graduation. For many students, figuring out financial aid offers and planning how to pay for college are complicated. They probably require multiple conversations with family and school officials to get more information. It is a good idea to understand how much college might cost, and the ways to cover that cost, so they can start planning their education path after high school. The youth team worked for a section for students to develop a classroom activity that give students a scenario that helps them process using the plan your financial path to graduation tool, before they receive their financial aid offers as seniors. In this activity, they review a scenario with three different colleges having given their friend a financial aid offer. Out of those three scenarios, they are given the opportunity to use the tool. One of the colleges is a small college on the hill, and other college is a midsize college in the country, and another is the large university in the city. It is giving them three distinct options to look through and to practice with to get familiar. As they end the activity they reflect on strategies that they can use to help them pay their college cost and reduce their college cost before they are even going. Things like taking AP classes and earning the resume that gets you the better scholarship option. Things like that. Next slide. In this activity we worked with the section 4 servicemember affairs to develop seven classroom activities for JROTC instructors to use, using their misadventures in money management in the classroom. These activities provide those instructors with a standard and assessment tool to use this resource at the high school level. This partnership also helped us reach our goal of making it easy to invest financial literacy throughout the curriculum, K-12. We created activities for PE classes, art classes, science classes, worldly which classes, English classes. Any of these teachers who are interested in teaching this topic, but just don't know how, we have classroom activities that they can reference and use easily. Next slide. We have also translated 12 of our most popular classroom activities into Spanish. Each of our 268 activities come with a teacher guide, and sometimes a fillable student PDF worksheet or handout. There are also activities designed for special student characteristics such as urban, rural, special education, and low income, among others. Next slide. Now, many of our resources, the storybooks, the stickers, the posters, parent guides, are available in print and can be ordered in bulk. This means we can help schools and organizers get books and stickers into children's hands that they can take home with them, and that they can keep. We want to thank you for your time. Do you have any questions?

Thank you, Leslie and Lynn. Boy, I am so excited. He said we were going to be excited when you mentioned that you have been working on this for several years. I remember having these conversations a number of years ago, and that he wanted to put a push on this and really make the CFPB the primary source for consumer financial education. As everybody on this call knows, this is a life skill. The lack of that life skill pops up every time we have any type of financial catastrophe, meltdown, crisis. The people that we are seeing that are having difficulties don't have the financial capacity, the financial literacy that is needed. When you talk about wealth and equality, there it is again. It is popping up again. The CFPB taking the lead on this is so important, and it is, to me, one of the primary reasons the CFPB needed to be created. Somebody needed to take this. I think this is, when you look at only 25 states, and very few children receiving any type of financial literacy education. It is critical. The presentation that you just gave us is outstanding. Very, very happy to see it. We are going to start taking questions or comments from some folks. Again, remember, put your hand up when you have something to say, a question task, or a comment to make. I encourage you to engage with these two experts, because this is an important topic. Again, take yourself off mute and put your video on if you have the bandwidth. Don't forget, when you're done talking, put your hand down. Anybody have something to ask or say? Deb?

Hello. I was just going to say thank you for the resources. We, actually, used some of these resources. I am in Virginia. We do have, we are one of those states. We are lucky. We have a standard of learning requirement in K-12 and, in high school, there is an economics and personal finance class that is required. Even with all of that, it is still hard to get all of this education out. They are finding that a lot of the teachers are not, really, knowledgeable on the subject. They are, actually, looking at certifying them. We do try to help them as much as possible. Enqueue for the resources. We use the building blocks, and they are really good resources, so thank you.

I am a certified business teacher in Virginia. That is part of the reason why you have definitely heard about these.

Thank you, Deb. Great comments. From myself, you know, I joined a school board. Our local school board, over a decade ago, and spent a number of years on it. Financial literacy was something I wanted to see happen at that school. Our bank has been doing financial education in schools since the 30s. I continually get customers coming in and say, I opened my first account with you. They used to pass around a cup and we would put our pennies or nickels in it. They have had their accounts, here, for decades and decades. That was a type of financial literacy. We were tainting them to save, at that point. We have been running different programs over the years. It has helped, we hear wonderful stories. It was difficult. Being on the school board and attending -- I tried to host a session at a state school board meeting, which I recommend you connect with the national school boards Association and see if you could present at some of those meetings. I wasn't able to get a presentation, there, on financial literacy teaching in school. Because, really, at that time, this is back at 2010 or 2011. They did not have the type of programs that you are offering right now. Where it is easy for the teachers to add it into the curriculum. I think that states ought to be encouraged in testing. The testing is a life skill. The problem, here, is that is the only way to get this into the schools, in my opinion. We are so focused, in our schools, on teaching for testing, that it there is no test, and there is no reporting on the test, it does not get attention. I won a grant to start a program at our school, and we hired somebody to write curriculum to write this in. He wrote it in, and then it didn't get used. I think what you have got is, you have got the tools, now, to get out there and get people engaged and adding this to the curriculum in the schools. That is the way people are going to get this education, and that is the only way we are going to solve this generational wealth gap that is occurring. People have to have the financial knowledge to be able to save their own money. That is how everything starts. Jeff, you have a question? Jeff I.V.?

John, thanks. This issue, I don't think we can give it enough emphasis. You know, I think in every market in the country, we have consumers that are falling to predatory lenders, getting ripped off, and one of the reasons that these institutions prosper is, well that is how my parents did it. John, you mentioned breaking the generational cycle that, you know, that happens with a lack of financial education and knowing, you know, how credit scores work, how to save money, how to budget properly. In my volunteer work that my wife and I do, we are court appointed child advocates. In almost every, really, in every case, there is a financial crisis that exists. The parents do not plan properly, you know, they are not saving money, you know, to take care of kids. Things like that. We are way down the road, I think, in having, you know, generations of families that don't know how to do this properly. Getting it into the schools is critical and, you know, thanks in credit unions. We literally can't do enough to promote this, both within our own organizations and with community partners that we work with. The resources, here, are fantastic. We just need to, really, get this out as much as we can. So many people need this. The number of people that are financially underserved or unbanked continues to grow. Getting this information into the right hands is just, absolutely, one of the most important things, I think, we could be doing.

Thank you, Jeff. Couldn't agree more. Jose?

Just a quick comment, John. I have a new level of respect for you, when you state you want to attending a board meeting in this day and age. That is something that I would pass on. We have a lot of tools, also, we have the ability to publicize everything the CFPB has done through social media, right? This is something that we have to use. What is really cool about the publications is, they are not only tailored for kids. They are also tailored for mid age and adults, as well. There is a plethora of information, there, that we at our credit unions or banks or any other financial institution can fully utilize to better educate our membership.

Thank you, Jose. Big thank you for this nice comment, too. Yeah, I know. I had a few people in my family that said I was nuts. If my grandfather was a school board member for 40 years and was head of the national school Board Association. Apparently something stuck. I guess I came by it genetically. Next was a question we had, Michelle? Michelle Dwyer?

I am Michelle Dwyer, President and CEO of Franklin credit union in Western mass. It became very clear when we started our financial education project that we were not going to be able to get into schools. This is more of a comment, may be a helpful little tidbit. There is some political things, in our area, that prevent most of the financial institutions in our area from getting into schools. What we did is, we went out to a local nonprofit that work with that age range and we had a successful partnership with big Brothers big sisters and are able to provide financial education through this age range from 8 to 18. It has been a good partnership. Utilize all of these resources and potential relationships with your local nonprofit as well, the deal with kids. It was a helpful path that we found outside of, actually, going into schools. Which we found out, very quickly, was not going to be feasible for us. Thank you.

Thank you. Don't give up getting into the schools. Whoever is in the schools, right now, teaching it. Their bank will probably get bought out and you will be next in line.

Nobody is in them.

That is too bad. I am sorry to hear that. Michael, you have a point to make?

Hello again, Michael Leavy from California again. With school board meetings, adjustment, unfortunately, two of my nights that I will never get back at school board meetings last month. They are not plugged into this issue. There plugged into other issues. We have had bill after bill after bill in California -- for CFPB I really appreciate [ Indiscernible - muffled ] I think we should reach out to the department of education and build partnerships over there -- from a nationwide level. I know, for us at our credit union, we have had some -- where we can provide some better education in classrooms -- outside of schools we have a couple of program. We educate hundreds of's kids -- directed at budgeting or creating small business plans and budgeting checkbooks and the like. It is essential that we do a better job, as a society, because this is such a key issue and I think it is, just not going to happen at the school. Thank you so much for all you are doing on the subject.

Michael, your comment about partnering with the education department am I think, is quite timely. Back when we were discussing it with the director, the CFPB just didn't have the tools. It was a beginning program. There, really, was nothing to partner with. What you have now, Leslie and Len, you can partner with education programs. And promote some of this through. Frankly, you can partner with the financial regulators and make financial literacy part of our CRA where we get credit for it. We get a little bit of credit, I don't think you would be successful making it a requirement for CRA at this stage of life, but increasing the credit you get for your financial literacy and publicizing that you do get bonus credit for providing financial literacy in schools at all levels would come uncertainly, be good. The education department, I think with the senator in Massachusetts, that might help you get a foot in the door at the education department. Who also is a champion of this program. With that, I will pass it off to Christina.

Thank you, John. I want to just take a moment to, also, be appreciative of the materials that the CFPB has developed. We use them, we participate in a variety of different financial receipt education efforts in South Dakota in Minnesota. It is not required curriculum. We do struggle, sometimes, with getting classroom time. As John alluded to, they have to cover so much material in a particular day. In particular, I just want to emphasize how great it is that the materials focus on skills. Some of the financial literacy materials we have used in the past refer to things like checks. Which some people don't actually have any practical experience with checks anymore. The other obstacle that we have encountered, and some of our communities, is some of the children or youth. When we are talking about savings that might not be a feasible option for them and their family at this particular time. Skills like budgeting, I really like the -- I can't remember the one. There is one about animals. The CFPB material about animals about what something costs in what the word is. Those are really good life skills that apply to money in a real meaningful way as opposed to, you know, you should save or something. In some families, where it would be great if everybody could save, that is not an option for every family at a particular time. The other thing that I know we have had great luck with at our organization is, we have a kids and coins account designed to target our younger customers. It rewards them for things like deposits. And then they can graduate to a teen savings account that, kind of, rewards them for certain behavior. It is a real, kind of, safe place for them to set up a bank account in an age-appropriate manner with, kind, age-appropriate rewards that will reward good spending and saving habits. Just want to, again, thank you for those materials. Another thing we've been working on in our community is connecting people who are new to the U.S. financial system. I think it was Michael who mentioned being thankful for the amount of educational material that is available to us to use for people with various levels of experience in the financial system. Whether they are newer to banking or are just younger people in general. Thank you for that.

Thank you for your comments, Christina. Thank you all for your comments. I don't see any hands up right now. Let me take this opportunity before the next hand comes up to ask our presenters, if you have any questions for us or if you have any comments on any of the feedback we have given you? Leslie has got her hand up. Okay.

Yes, I wanted to give you some good news. Starting in September, we started working with the federal student aid office. Using our materials and trying to work on a pilot for trying to increase the application for the FAFSA each year, and trying to get more students that are in title I schools to recognize that this is a great opportunity to earn financial aid and to pay for college or pay for post secondary education and how to do it. We are getting the process of working with them to try to bring those numbers up, and to make a difference. It is on our radar, too. We wanted to let you know.

Thank you. Lynn, do you have any thoughts or comments?

So, the most recent person who spoke talked about newcomers. Just want to make sure that you are aware that we have these things called newcomer guides. They are available to help people understand, you know, make a choice about their bank account and things like that. Leslie mentioned our partnership, or we don't call them partnership, but our work with federal student financial aid. Obviously, most of you probably know the director is now there. We are probably in the best position, right? At this time, to push forward on youth financial education. Some of the things we encourage, and have seen credit unions and banks do, is put the money monsters in their lobbies. Make those available, especially the one on saving, as you come into savings accounts. Another thing we've done through our learning clusters, our last learning cluster was, really, trying to learn from the pandemic. Our learning cluster brought together, again, the policymakers, the educators, and the communities. We looked at those schools that provided more than just financial education to the youth during the pandemic. There were a couple that brought families in and help them, actually, apply for the EIP for those that hadn't filed a tax return. Looking at, as we move forward, there is this money coming down for community schools. Looking at how we can leverage those community schools to, not only, provide youth financial education but to trickle that knowledge up and fortify the financial knowledge and capability of the family, as more of a wraparound service through those, is something we will be exploring, as well.

Fantastic. Do we have any other questions? Yes, Mary Boucher?

I just want to say that I love all these resources. I have made it a point, throughout my banking career, to do financial education in the schools. I think it is so important to be, kind of, preventative instead of, you know, helping people after the fact. After they have already been a victim to predatory lending and things like that. This really resonates with me, you know, that people have so much information but not knowledge. I just want to make sure that everyone shares this information and knowledge with our education partners and, not only education partners, I think someone spoke about community group outreach. That is so important, too, because there is some kids that are, you know, missing school or they are, maybe, not in class when you do that presentation. I think that community outreach is so important with the underserved communities. That is what I wanted to share. Thank you.

Thank you, Mary. Thank you very much. Just for everybody's information, I know it is small on your screen, but the publications are offered through the bureaus CFPB bulk publication site . You can get whatever you need if you want to walk into a school or into a community organization as Mary was suggesting. In fact, I think, you know, Mary you got me fired up again to head back up to the Boys and Girls Club and see what we can do to get a program started. Is there anything else anybody would like to speak on before we turn it back over to staff? If not, I want to say thank you to all of you who came out, today. To Leslie and Len for the great presentation. You promised excitement, and for me it was exciting. Maybe I'm easily excited, I don't know. This was great to hear. Thank you. I want to think that CFPB ABC staff for arranging this great meeting with three very interesting topics. We have had some lively discussions, today. We have had, just about, everybody participate. Very happy that we have done our job, today, and we are ready to keep doing our job. Call us whenever you need us. With that, I'm going to pass it back to Maddie.

Thanks again, John. Thanks, again, for Lynn and Leslie for joining us today. And all the bureaus staff that joined us during today's meeting. Obviously, thank the members for always providing candid feedback, idea suggestions to the Bureau, which makes us a better agency, in my opinion. John, because you are the chair, you have to officially adjourn this meeting. I will pass the baton back to you for another minute for the official adjournment.

Yes, and it can't and without me doing that. I have that in bold, and I plain missed it. With that, with those comments, I will officially adjourn the meeting and then pass it to Maddie for follow-up housekeeping items.

Thanks, John. I think, with that, we can certainly wrap it up, today. I will ask Tracy Wade to please and the meeting. Again, we look forward to connecting with members during the rest of your membership. Have a great weekend, folks.

Thank you, great meeting.

Thank you all.

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