

Consumer Advisory Board Meeting

April 6, 2022

Meeting of the CFPB Consumer Advisory Board

The Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board (CAB), met via WebEx at 1 p.m. EST on April 6, 2022.

CAB members present	CFPB staff present
Chair Leigh Phillips	Director Rohit Chopra
Lorray Brown	Desmond Brown
Louis Caditz-Peck	K Eswaramoorthy
Stephanie Carroll	Alexis Goldstein
David Ehrich	Manny Mañón
Laurie Goodman	John McNamara
Mae Watson Grote	Thad Peterson
Margaret Libby	Amy Zirkle
Andres Navarrete	
Beverly Brown Ruggia	
Faith Schwartz	
Ky Tran-Trong	

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Welcome

Director, Rohit Chopra

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

Leigh Phillips, Chair, Consumer Advisory Board

CFPB Section for Advisory Board and Councils Staff Director Manny Mañón convened the Consumer Advisory Board (CAB) meeting and welcomed committee members and members of the listening public. He provided a brief overview of the meeting's agenda and introduced Director Rohit Chopra. Director Chopra provided remarks on the CFPB's priorities, focusing on Medical Debt Abuse, Digital Payments and Cryptocurrency. Following Director Chopra's remarks, CAB Chair Leigh Phillips welcomed attendees and explained the advisory committee's mission and expressed her appreciation for being able to serve as Chair of the CAB.

Addressing Medical Debt Abuse

Desmond Brown, Assistant Director, Office of Consumer Education

John McNamara, Assistant Director, Office of Markets

K Eswaramoorthy, Debt Collections Program Manager, Office of Markets

This session consisted of staff from the Office of Consumer Education and the Office of Markets presenting on Medical Debt Burden. During this presentation CFPB staff provided an overview of the CFPB's released report on "Medical Debt Burden in the United States." The report consisted of four sections: (1) Medical Debt Landscape, (2) Adverse Impacts of Medical Debt (3) COVID-19 Impacts, and (4) Legislative and Regulatory Developments. Following the presentation portion of this session, CFPB staff sought to receive input from Board members.

Multiple members voiced their concerns around medical debt collection and credit scores. One member specifically mentioned FICO and VantageScore, and how FICO weights medical debt quite heavily, although recent versions of FICO have lightened the weight given to medical debt. Another member stated that prior to the pandemic many lenders didn't include medical debt in debt-to-income calculations except for with special purpose programs. The member went on to say that nevertheless, the result of the medical debt or the medical collections is included in the

consumer's credit score, which typically lowers the credit score. A member said that medical debt is a bigger hit than unpaid accounts on credit reports which only widens the wealth gap. The member continued to say that combined with the CFPB's commitment to address racial and economic inequity they urge the CFPB to work further with the credit reporting agencies to add unpaid medical debt, as this would address existing gender and race wealth gaps. A member said that many consumers have medical debt spread all throughout their credit reports and that going forward, there needs to be rules and clear information about outstanding medical debt on credit reports. A member shared a concern about variations and the lack of adoption of newer FICO and other scores (Vantage, etc.), and that they vary with their weights, noting that while government-sponsored enterprise doesn't really use the scores their lenders do and there are price breaks throughout the market based on scores, even with the rating agencies. The member voiced concerns with who is using which scores and seeing very uneven ways that borrowers are getting scored. The member stated that there needs to be some consideration around a uniform way of treating past consumer debts or old scores and pricing based on older models in the market, personal, collateral, and loan lending practices.

A member voiced concerns regarding debt collectors. A member specifically encouraged the CFPB to require debt collectors to confirm that the consumer owes the debt. The member said that often it is only through litigation discovery that you can get a breakdown of charges and you need that to determine whether someone was unfairly billed. The member also stated that some consumers aren't English-speaking and that it would be wonderful if the CFPB could require debt collectors to provide a step-by-step guide on how to understand credit reports in various languages.

Another member noted that the CFPB should be lauded for an influential body of research. The member said that it is such a wonderful recognition of what financial coaches and counselors across the country have known for a very long time--that medical debt is not a good predictor of consumers' financial behaviors. Additionally, the member included that they would strongly encourage the CFPB to include unpaid medical debt as those payees and debtors are the most vulnerable, specifically women of color because they have gaps in professional benefits like employer-sponsored benefit plans, and medical insurance that are safety nets and safeguards against wealth depletion.

Many members expressed their thoughts and concerns around consumers' access to credit and financial education. One member said that the CFPB needs to take action on consumers signing up for expensive medical debt credit cards, singling out one in particular. Another member said that consumers really need opportunities and help in understanding what they owe and that we need pathways for them to clean up debt and the resulting harm on their credit reports in an efficient and realistic way. Another member stated that medical debt is a financial strain for consumers and that the goal should not be to overextend credit in circumstances where a consumer may struggle. The member added that researchers need to get an accurate picture of how a consumer's financial picture looks. Another member said that many times, when people are insured, there are still significant "surprise bills," even if they have been pre-approved. A member said that even for insured consumers, there are significant differences in cost across markets and that there is research on provider consolidation that documents an increase in healthcare costs.

A member said that we need support for consumers navigating through all this information and complexities and how to make decisions, especially with younger consumers. The member added that we need to make sure people aren't experiencing setbacks that they can't bounce back from. Another member stated that many consumers in this country are saving and doing all the right things, but they are simply not gaining ground.

Digital Payments and Cryptocurrency

Amy Zirkle, Payments and Deposits Program Manager, Office of Markets

Thad Peterson, Senior Markets and Policy Fellow, Office of Markets

Alexis Goldstein, Markets and Policy Fellow, Office of Markets

For the last session of the day, CFPB staff from the Office of Markets presented on digital payments and cryptocurrency. During this presentation, CFPB staff discussed trends in Peer to Peer (P2P) usage, and crypto consumer scams and complaints. Following the presentation portion of this session, CFPB staff sought to receive input from members.

Multiple committee members discussed the demographics of cryptocurrency. One member said that they have been hearing a lot about cryptocurrency, what is it and how do we get into it. The member stated that there is so much marketing that is targeting young people and that 70% of

the young people that they have talked to have been targeted specifically for cryptocurrency and that when you look at this demographic of people in cryptocurrency it really does skew toward younger people of color and especially males between the ages of 20 – 29. The member said that when you look at who is engaging in the composition of the populations then it does raise the question of targeting. Another member asked how the CFPB ensures that we are reaching young people in the most effective way. The member said that a campaign for and about young consumers and the many issues they are facing along with a focus on cryptocurrency is something that would be enormously useful to look at. Another member suggested that having young people, and especially younger lower income, engaged and suggested an advisory board or committee that could ensure that the way the issue is being discussed will be relevant and engaging for younger people in our country, especially those grappling with this issue. A member mentioned cryptocurrency and pointed to research done by Pew, which reported at the end of 2021 that 86% of Americans are aware of cryptocurrency and that 16% of Americans have invested in, traded or use cryptocurrency, and that 31% of 18- to 29-year-olds have invested or used cryptocurrency. The member added that this does skew towards males, showing 43% of 18-to 29-year-olds have invested, traded, or used cryptocurrency. The member also stated that the context of the minority depository institution (MDI) project they are running is that ownership of the currency is also skewed towards minorities, while the number is overall 16%, which represents 13% of Whites compared to 18%, among Black populations, and 21% around Hispanic populations. A member said that historically, some of these minority populations have less trust in traditional financial services and that they are now seeing more participation in cryptocurrency. The member said that understanding that dynamic can be key and critical for the CFPB to be able to effectively speak to and target these segments, both in terms of consumer education and protection. A member said that bringing the voices of young people into this and how the CFPB reaches them is important and that they see young people that are growing disillusioned when they can't get past a certain point using these tools, or even investing in cryptocurrency. A member said that there is a high percentage of Black youth that are being marketed this product.

Several members stated that financial education is critical in both the areas of digital payments and cryptocurrency. A member said that there needs to be continued education not just by the CFPB and financial regulators, but also by financial institutions. The member said that chargeback rights and dispute rights could vary at different institutions, and consumers might not necessarily be aware of that. The member added that there are institutions that are seeing

increased fraud loss from digital payments. A member said that there is a mismatch with their level of understanding and the risk, and therefore stressed the importance of education. A member asked the CFPB to consider reviewing different approaches to consumer education and protections and to acknowledge the difference that exists between different minority segments of consumers. The member suggested that the CFPB should consider and how these products impact these different communities and agreed the previous statements that cryptocurrency advertising is clearly targeting these populations such as with sports advertising and by using celebrity spokespersons. A member said to consider a drip loss of these payment tools and the way in which some of these tools end up being like gift cards. The member added that consumers don't understand how they are supposed to retrieve the money, and many are losing money over time. A member stated that we need to continue to talk about the range of ways in which people are losing money in this new environment but that there is a potential for these tools. The member said that we all need to remember that consumers are losing money especially older consumers who may be at risk of being taken advantage of. The member added that education is critical for each population, and the CFPB should have their voices at the table. The member said that we need to hear about their experiences with these new products and provide understanding on how to use these tools. A member said that there is a mismatch for consumers depending on their level of understanding which creates added risk and therefore education is key.

A few members expressed their concerns around fraud and scams. One member said regarding crypto not just to look at the scams but look a step farther back and ask what these products are being sold as and what benefits do they have for consumers. Another member mentioned that the Federal Trade Commission reported that around 41% of people in their 20's had lost money in cases of fraud and stated that they have seen that a lot amongst their participants. A member said that loss allocation may occur, but there should be further clarification on how to allocate that loss. The member added that if a financial institution continues to experience fraud losses from that then that there could be the potential that institutions pull back on the ability to provide consumer digital payments, and this would be a disservice to consumers.

Several members discussed supervision and regulation as it pertains to cryptocurrency and digital payments. A member said that the one great element of the design of the CFPB is the fact that its supervision is charter agnostic and that is not true of the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The

member added that if we are going to have conversations, then we need to have a more holistic answer. A member said that it is nice to see leveling up of supervision in these entities and the integrity of what you call the “regulatory perimeter.” The member said that they would be a strong advocate of ensuring that safety and soundness, like regulation, for these players to be part of the equation as they are handling billions of these funds. A member said that the CFPB should work to create the foundation to make sure that consumer protection in terms of the user experience is met. A member said that it is good to look at ensuring that whatever sort of payment rails are created or administered are only open to companies that have proven themselves from an integrity standpoint and that supervision or regulation is a big piece of that. A member said that if you tie that back to regulatory collaboration then you can approach this from a stronger and more holistic posture. A member stated that the compliance guide for regulation E is an excellent guide that lays out what P2P payments are, i.e., electronic transfer and unauthorized transactions. A member said that refunds are an issue and sometimes they may be nonexistent because there is no middleman. The member added that there is no credit card processor or regulatory body that’s involved, which creates a gap that is inside of compliance.

A member mentioned the convenience of digital payments and said that the promise of the reality of digital payments is the leading factor in helping them and the economy recover from the pandemic. The member added that not only can you make payments in a day, but you can make them in the evening as well. The member said that the use cases are quite expansive, and it expanded the convenience for consumers and that the infrastructure that they used for digital payments have been both new and existing payment rails.

A member applauded the President’s Executive Order on digital assets as it outlines many potential use cases for how blockchain technology can be used to help consumers, particularly in low- and moderate-income families. The member noted the significant facilitation of cross border payments that could be achieved with these digital technologies. The member said that it is of particular interest to immigrant consumers who are sending remittances to their home countries.

A member flagged the ability of small banks to offer services to consumers and stated that it is very limited. The member said that there is a very high cost of integration into the processors

and the maintenance of these programs are very high which makes it cost-prohibitive for most MDIs and places them at a distinct competitive disadvantage.

Adjournment

Staff Director Manny Mañón adjourned the meeting of the CFPB Consumer Advisory Board on April 6, 2022, at approximately 4:00 p.m. EST.

Certification

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

Manny Mañón

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

Leigh Phillips

Leigh Phillips, Chair
Consumer Advisory Board