

Meeting the Grand Challenge to Build Financial Capability and Assets for All

Strengthen the Consumer Financial Protection Bureau

Policy Recommendations

- Enhance Consumer Financial Protection Bureau (CFPB) enforcement and oversight capabilities.
- Expand the scope of CFPB oversight to emerging technologies.
- Promote community engagement.
- Strengthen consumer protection laws for vulnerable populations.
- Increase data infrastructure on medical debt.

Introduction

The Consumer Financial Protection Bureau (CFPB) was formed under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to ensure that financial services markets treat consumers fairly by implementing and enforcing consumer financial laws. The agency takes regulatory action, enforces the law, and supervises financial companies to prevent and ameliorate unfair, deceptive or abusive acts or practices. Their regulatory and supervision activities have been critically important for protecting consumers of all socioeconomic backgrounds (Lim & Letkiewicz, 2023). For example, CFPB enforcement actions have resulted in \$19 billion in consumer relief and \$4.2 billion in civil money penalties ordered (CFPB, 2024).

Support for and strengthening of the CFPB are critical in the present moment. In Congress and the judicial system, CFPB autonomy and independent funding source have been questioned (Gittleman, 2023). To ensure continued effectiveness, policymakers should enact legislation that explicitly safeguards CFPB autonomy to function independently of political influence and partisan consideration (Haendler & Heimer, 2021; U.S. Senate Committee on Banking, Housing and Urban Affairs, 2020).

Policy Gaps:

- Unrealized enforcement and oversight potential for unlawful activities and vulnerable populations
- Oversight of emerging technologies
- Untapped insights from some vulnerable communities
- Weak data infrastructure on medical debt

Policy Recommendations

1. Enhance enforcement and oversight capabilities.

In recent years, the CFPB has taken strong actions against banks to deter unlawful activities and hold bad actors accountable. The ability of CFPB to levy penalties large enough to deter bad behavior has been questioned (Nichols, 2015). This capacity can be strengthened by passing legislation that increases the maximum penalties and fines that the CFPB can impose on financial institutions for violations as a stronger deterrent against illegal activities (Baker, 2022).

2. Expand the scope of CFPB oversight to emerging technologies.

The jurisdiction of CFPB oversight should be extended to cover emerging financial technologies, such as digital banking, peer-to-peer lending, cryptocurrency, and mobile payment services, as well as to monitor the use of AI in developing algorithms (Akinwumi et al., 2021; Mostaghim, 2021). These innovative financial products may not be adequately addressed by existing regulations and may pose unique consumer protection challenges.

3. Promote community engagement.

With increased CFPB engagement and partnerships, the CFPB could become even more grounded in the unique challenges and issues faced by specific communities, particularly those that are the most financially vulnerable (Birkenmaier & Janssen, 2022; Thompson, 2021). For example, with deeper and more sustained engagement, the CFPB may learn more details about the financial access challenges of the community of people with disabilities and be better able to respond in their regulatory capacity to lower barriers to access (McGarity et al., 2019).

4. Strengthen consumer protection laws for vulnerable populations.

Although the CFPB has issued an informal interpretive rule that makes discrimination in the access to credit based on sexual orientation or gender identity illegal, passing legislation that formalizes such protection for discrimination in the provision of financial services is needed (CFPB, 2021). In the age of artificial intelligence, protection is also needed to prevent the accidental usage of biased data to build and train the industry's AI algorithms (Mostaghim, 2021).

5. Increase data infrastructure on medical debt.

Investment in research capability, either internal within the CFPB or through external projects, to better collect and analyze data on medical debt, which is the largest financial burden facing Americans today, is needed. Medical debt disproportionately harms people of color, lower-income people, young adults and older Americans. However, no national data collection or data repository exists on the topic, making research difficult (CFPB, 2022).

Conclusion

Safe and fair financial products and services are imperative to social work efforts to promote financial capability and asset building at the individual, household, and community levels. Strengthening the legal and regulatory structure offered by CFPB provides the mechanisms needed to ensure financial stability and well-being for all.

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About the Grand Challenges for Social Work

The Grand Challenges for Social Work was launched by the American Academy of Social Work & Social Welfare in 2016 to harness the ingenuity, expertise, dedication, and creativity of individuals and organizations within the field of social work and beyond to champion “social progress powered by science.” Additional information on the Grand Challenges may be found at GrandChallengesforSocialWork.org.

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