



Comment Letter - Request for Information Regarding Bureau Public Reporting Practices of Consumer Complaint Information

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Monica Jackson, Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC
Docket No. CFPB-2018-0006

Re: Request for Information Regarding Bureau Public Reporting Practices of Consumer Complaint Information

Dear Ms. Jackson,

The Conference of State Bank Supervisors (“CSBS” or “state regulators”) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) Request for Information Regarding Bureau Public Reporting Practices of Consumer Complaint Information (“RFI”). CSBS is the nationwide organization of state regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS supports the state banking agencies by serving as a forum for policy and supervisory process development, by facilitating regulatory coordination on a state-to-state and state-to-federal basis, and by facilitating state implementation of policy through training, educational programs, and exam resource development.

In addition to chartering and supervising 4,409 of the nation’s banks, a figure that represents 79 percent of institutions with over five trillion in combined total assets, CSBS member agencies are also the primary regulators of over 20,000 non-depository financial services providers, including: residential mortgage lenders and servicers, money service businesses and money transmitters, debt collectors, consumer and small dollar loan lenders, and emerging and established financial technology companies. State regulators and the CFPB exercise concurrent regulatory, supervisory and enforcement authority over

certain depository and non-depository institutions. In the spirit of cooperative federalism, this authority has been exercised on a coordinated basis through the State Coordinating Committee (SCC) , the multi-state regulatory oversight group responsible for the coordination of multi-state, nonbank financial services examinations with the CFPB. CSBS appreciates the mutual partnership with the Bureau and looks forward to continuing coordinated supervision and information sharing with the CFPB as it relates to the sharing, routing, and handling of consumer complaints.

Established in 2013, the SCC's overarching goal is to maintain consistent standards for examinations, while promoting efficient information sharing between the CFPB and state regulators. The SCC has helped to improve state-to-state and state-to-federal coordination in non-depository supervision in unprecedented ways. From routine meetings, to scheduling and monitoring coordinated examinations, to exchanging confidential supervisory information, these efforts make the supervision of non-bank financial services providers not only more efficient by eliminating regulatory redundancies but also more effective by enhancing the supervisory capacity of state and federal regulators.

State regulators appreciate the CFPB's willingness to review and seek public input on the efficiency and effectiveness of its existing complaint reporting and publication practices. Particularly, state regulators welcome the opportunity to comment on how the Bureau can best collect, investigate, and respond to consumer complaints while continuing to meet its statutory and regulatory objectives. State regulators play a critical role in intaking, reviewing, and following-up on consumer complaints with respect to activities within their jurisdiction. State regulators also serve as a public source of information for consumers as they regularly disseminate consumer alerts to bring attention to emerging risks and scams. As such, states often act as the first regulatory point of contact for new consumer issues and deceptive practices occurring in the marketplace. Therefore, with respect to consumer complaints, which often are the first signal of problems, it is vital that the Bureau continue to communicate and coordinate its supervision activities with state regulators with which the Bureau has overlapping jurisdiction.

CSBS recognizes the importance of a transparent, public complaint database in the context of the Bureau's mission to effect consumer protection through an informed public exchange of information. At the same time, we caution making details of complaint filings public before vetting for validity and accuracy. Specifically, to reiterate many of our comments made to the Bureau in 2014 , we believe the Bureau should:

- Recognize that many states operate under strict confidentiality laws that prohibit public release of confidential information, including consumer complaint information, regardless of whether the consumer desires for the information to be made public. Thus, the Bureau's public reporting of all consumer complaint information may unintentionally inhibit a more robust system of complaint information sharing between state regulators and the Bureau.
- Consider posting consumer narratives only after the financial institution has had a reasonable opportunity to respond. We believe that complaint reporting and analysis is useful and serves as an essential tool for consumers to relay their grievances, to learn more about abusive practices, and a method to keep financial institutions accountable. However, to maintain the integrity of the system, we want to ensure that meritless or unverified complaints are not given a platform that could give rise to public misperception or reputation harm to the institution.

More generally, in revising its existing procedures and standards with respect to the Bureau's public reporting practices of consumer complaint information, we encourage the CFPB to do so in a manner that recognizes that state regulators, through their licensing and supervisory authority, serve as the primary regulators of non-depository financial services providers. We appreciate the opportunity to comment on the CFPB's RFI regarding its public reporting practices of consumer complaint information and look forward to the CFPB's continued dedication to coordinating supervisory efforts with state regulators, for it is only through robust coordination that we achieve our shared supervisory mission of protecting consumers in the most efficient and effective manner possible.

Sincerely,

John Ryan
President & CEO

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