



CFPB RELEASES POLICY PRIORITIES FOR THE NEXT TWO YEARS

At the Consumer Advisory Board Meeting on February 25, the Consumer Financial Protection Bureau (CFPB) released its policy priorities for the next two years. The CFPB has set "near-term priority goals" in the following nine areas (listed alphabetically):

- Arbitration
- Consumer Reporting
- Debt Collection
- Demand-Side Consumer Behavior
- Household Balance Sheets
- Mortgages
- Open-Use Credit
- Small Business Lending
- Student Lending

For each of the above nine areas, the CFPB described its near-term priority goal, why it has chosen a particular goal and how it plans use its existing tools to fulfill that goal. The CFPB's policy priorities for small business lending, open-use credit and arbitration are of particular interest.

The CFPB has developed a new focus on small business lending. Citing the current lack of comprehensive data on small business loans and its concern regarding potential discrimination against minorities, the CFPB plans to (i) build a small business lending team and begin marketing research and outreach for a rulemaking on business lending data collection, (ii) build an infrastructure to gather and analyze small business lending complaints and (iii) continue to examine small business lenders for compliance with fair lending laws.

The CFPB clarified three areas of future rulemaking for open-use credit. The CFPB defines open-use credit as any credit product that is offered without an expectation that the loan will be used for a specific purchase, such as to buy a home or a car or to finance higher education. First, the CFPB plans to initiate a rulemaking process regarding the overdraft market. Second, the CFPB will propose a larger participant rule for the installment lending market. Third, the CFPB will continue its small dollar rulemaking process.

The CFPB articulated its arbitration near-term policy goal as follows: "The CFPB envisions a consumer financial marketplace where consumers have the ability to effectuate their rights and hold institutions accountable for unlawful conduct." The CFPB is expected to pursue proposals prohibiting class action waivers in consumer arbitration agreements.

The CFPB states that in addition to the nine areas, the CFPB will also prioritize a few work streams that are "well-established and ongoing," specifically, fair lending oversight of indirect auto lenders and prepaid card rulemaking. □

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