

## Why GAO Did This Study

The Dodd-Frank Act created CFPB to regulate the provision of consumer financial products and services. Congress included a provision in statute for GAO to study financial services regulations annually, including CFPB's related activities. This eighth annual report examines steps CFPB has taken to (1) identify, monitor, and report on risks to consumers in support of its rulemakings and other functions and (2) retrospectively assess the effectiveness of certain rules within 5 years of their effective dates.

GAO reviewed CFPB policies and procedures, internal and public reports, and memorandums documenting key decisions, assessment plans, and requests for public comment. GAO also interviewed officials from CFPB, three federal agencies with which it coordinated, and representatives of consumer and industry groups.

## What GAO Recommends

GAO recommends that CFPB implement a systematic process for prioritizing risks to consumers and considering how to use its available policy tools—such as rulemaking, supervision, enforcement, and consumer education—to address these risks. CFPB did not agree or disagree with the recommendation but agreed with the importance of having processes in place to prioritize and address consumer financial risks.

View [GAO-19-158](#). For more information, contact Michael Clements at (202) 512-8678 or [ClementsM@gao.gov](mailto:ClementsM@gao.gov).

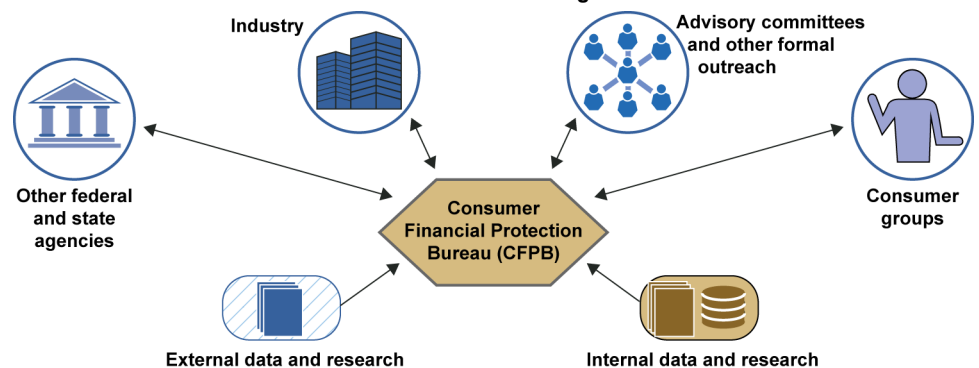
# DODD-FRANK REGULATIONS

## Consumer Financial Protection Bureau Needs a Systematic Process to Prioritize Consumer Risks

### What GAO Found

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Consumer Financial Protection Bureau (CFPB) has routinely monitored the consumer financial markets to identify potential risks to consumers related to financial products and services. CFPB monitors consumer complaints, analyzes market data, and gathers market intelligence from external groups (see figure for sources of CFPB's monitoring). CFPB has used risk-monitoring findings to inform its rulemakings, supervision, and other functions. In 2015, CFPB initiated a bureau-wide process for using market data and other information to set policy priorities related to addressing risks to consumers. However, CFPB has not yet decided whether it will continue to use this process to set priorities. CFPB currently lacks a systematic, bureau-wide process for prioritizing financial risks to consumers and considering how it will use its tools—such as rulemaking, supervision, and consumer education—to address them. Federal internal control standards state that management should use quality information to achieve agency objectives and that it should also identify, analyze, and respond to risks related to achieving those objectives. Implementing a bureau-wide prioritization process could help to ensure that CFPB effectively focuses its resources on the most significant financial risks to consumers and enhances its ability to meet its statutory consumer protection objectives.

Information Sources for CFPB's Routine Risk Monitoring



Source: GAO analysis of CFPB information. | GAO-19-158

CFPB has taken steps to retrospectively assess its significant rules within 5 years of these rules becoming effective, as required by the Dodd-Frank Act. CFPB developed and applied criteria to identify three rules as significant and requiring a retrospective assessment. For these three rules, CFPB created assessment plans, issued public requests for comment and information, and reached out to external parties for additional data and evidence. In October 2018, CFPB issued its first assessment report on a rule related to cross-border money transfers. Among other things, the report found that certain trends, such as increasing volume of these transfers, continued after the rule took effect. CFPB expects to complete the other two assessments by the January 2019 deadline.