DODD-FRANK REGULATIONS

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

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.

Information Sources for CFPB’s Routine Risk Monitoring

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.