

# Bureau of Consumer Financial Protection Strategic Plan

FY 2018 - 2022



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# Message from the Acting Director

I am pleased to present the Strategic Plan for the Bureau of Consumer Financial Protection (Bureau) for Fiscal Years 2018-2022.

This Strategic Plan presents an opportunity to explain to the public how the Bureau intends to fulfill its statutory duties consistent with the strategic vision of its new leadership. In reviewing the draft Strategic Plan released by the Bureau in October 2017, it became clear to me that the Bureau needed a more coherent strategic direction. If there is one way to summarize the strategic changes occurring at the Bureau, it is this: we have committed to fulfill the Bureau's statutory responsibilities, but go no further. Indeed, this should be an ironclad promise for any federal agency; pushing the envelope in pursuit of other objectives ignores the will of the American people, as established in law by their representatives in Congress and the White House. Pushing the envelope also risks trampling upon the liberties of our citizens, or interfering with the sovereignty or autonomy of the states or Indian tribes. I have resolved that this will not happen at the Bureau.

So how do we refocus the Bureau's efforts to better protect consumers? How do we succinctly define the Bureau's unique mission, goals, and objectives? Fortunately, the necessary tools are already set forth in statute. We have drawn the strategic plan's mission statement directly from Sections 1011 and 1013 of the Dodd-Frank Act: "to regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws" and "to educate and empower consumers to make better informed financial decisions." We have similarly drawn the strategic plan's first two strategic goals and its five strategic objectives from Section 1021 of the Dodd-Frank Act. By hewing to the statute, this Strategic Plan provides the Bureau a ready roadmap, a touchstone with a fixed meaning that should serve as a bulwark against the misuse of our unparalleled powers. Just as important, it provides clarity and certainty to market participants.

Armed with this strategic direction, I look forward to working with the talented and hardworking people at the Bureau to fulfill the Bureau's statutory mission in service of the American people.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Mulvaney", with a stylized flourish at the end.

Mick Mulvaney

Acting Director

February 12, 2018

# Overview of the Bureau

The Bureau of Consumer Financial Protection (Bureau) was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The Bureau is an independent bureau within the Federal Reserve System, and an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the Bureau to exercise its authorities to ensure that, with respect to consumer financial products and services<sup>1</sup>:

1. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;
2. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;
3. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;
4. Federal consumer financial law is enforced consistently in order to promote fair competition; and
5. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

The Bureau is headed by a sole Director, appointed by the President, by and with the advice and consent of the Senate, to a five year term.

Funding required to support the Bureau's operations is obtained primarily through transfers from the combined earnings of the Federal Reserve System. Annual transfers to the Bureau may not exceed an amount equal to 12 percent of the Federal Reserve System's operating expenses, adjusted annually based on the percentage increase in the employment cost index by the Federal Government for total compensation for state and local government workers as specified in the Dodd-Frank Act. The transfer cap for fiscal year 2018 is \$663 million.

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<sup>1</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b).

# Mission and vision

## Mission

To regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions.<sup>2</sup>

## Vision

Free, innovative, competitive, and transparent consumer finance markets where the rights of all parties are protected by the rule of law and where consumers are free to choose the products and services that best fit their individual needs.

## How we will do our work

The Bureau will achieve its mission and vision through:

- Seeking the counsel of others and making decisions after carefully considering the evidence.
- Equally protecting the legal rights of all.
- Confidently doing what is right.
- Acting with humility and moderation.

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<sup>2</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1011(a) and 1013(d).

# Strategic plan overview

The Strategic Plan for FY 2018-2022 articulates the Bureau's long-term strategic goals and objectives that drive achievement of the Bureau's mission. The Bureau's strategic plan includes three strategic goals:

Goal	Description
Goal 1	Ensure that all consumers have access to markets for consumer financial products and services.
Goal 2	Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.
Goal 3	Foster operational excellence through efficient and effective processes, governance, and security of resources and information.

## About the plan

The Strategic Plan for FY 2018-2022 plan has been drafted in accordance with the applicable requirements of the Government Performance and Results Act of 1993, as amended (GPRA), and the GPRA Modernization Act of 2010.<sup>3</sup>

For its FY 2018-2022 Strategic Plan, the Bureau has relocated the performance goals and measures which were previously included in the FY 2013-2017 Strategic Plan to the FY 2018 Annual Performance Plan and Report. The FY 2018 Annual Performance Plan and Report will identify the performance goals, performance measures, and targets for each strategic goal and objective, and describe the agency's performance for FY 2017. This change brings the plan into alignment with other agency strategic plans, which use the strategic plan to identify long-term goals and objectives, and the performance plan and report to establish and track performance goals and measures. The most recent version of the Bureau's Annual Performance Plan and Report can be found on the agency's website, at [www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance](http://www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance).

## External Consultation

In accordance with statute, the Bureau consulted with Congress on its Strategic Plan during the drafting process. In addition, the Bureau posted a draft Strategic Plan on its website for 30 days in order to give the public the opportunity to provide comments.

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<sup>3</sup>Government Performance and Results Act, Pub.L. No. 103-62 (1993); and GPRA Modernization Act of 2010 Pub. L. No.111-352 (2011).

## Program Evaluations

To assess progress toward achieving its strategic goals and objectives, the Bureau conducts regular program evaluations and introduces course corrections as necessary. In accordance with the Government Performance and Results Act (GPRA) and the GPRA Modernization Act, the appendix to this plan includes a summary of key evaluation efforts across the Bureau's strategic goals.

## External Factors Affecting the Bureau's Strategic Outlook

Key external factors beyond the Bureau's control have the potential to affect the Bureau's achievement of its strategic goals and objectives.

**Economy and Financial Environment:** In the past few decades, markets for household credit and consumer financial products and services have expanded rapidly and grown more complicated for the American family. Factors affecting the performance of the economy such as interest rates, inflation, and unemployment directly affect the Bureau's strategic goals and objectives. In order to achieve its strategic goals and objectives, the Bureau must appropriately monitor consumer financial markets to identify trends and emergent risks relevant to consumers and markets alike and to act to address such risks.

**Judicial and Legislative Actions:** Judicial and legislative actions have the potential to change the financial regulatory environment. Court rulings and legislation on the Bureau's leadership and governance structure, funding mechanisms or statutory mandate could alter the Bureau's strategic goals and objectives.

**External Cyber Threats:** Cyberattacks are a growing threat to consumers and financial institutions. As a result, many financial institutions have increased their efforts to safeguard consumers' financial data. Even so, no institution or system can be sure that it is completely protected from cyberattacks. A cyberattack that disrupts financial markets or payments systems or undermines confidence in the banking system could adversely affect the U.S. economy or consumers' standard of living. A cyberattack could also compromise the Bureau's data security, potentially affecting consumers, employees, and financial institutions.

**Evolving Technology:** In recent years, evolving technologies have driven rapid change in the consumer financial marketplace. The swift pace of change can provide benefits, opportunities and risks to both consumers and institutions. The Bureau must keep pace with the evolution of technology in consumer financial products and services in order to accomplish its strategic goals and objectives.

# Goal 1: Ensure that all consumers have access to markets for consumer financial products and services.<sup>4</sup>

Consumer protection begins with ensuring that all consumers have access to markets for consumer financial products and services. Access is enhanced where markets are transparent, competitive, and innovative and where providers can adapt to changing consumer demand. Access is also enhanced where consumers can reasonably obtain the information they need to make informed decisions.

Congress directed the Bureau to help educate consumers to make better informed financial decisions. The Bureau seeks to enhance the financial knowledge and skills of all Americans, from childhood to later life, so that individuals build their financial well-being. To facilitate access, the Bureau also collects, investigates, and responds to consumer complaints when problems arise in consumer financial markets.

Congress has also assigned the Bureau the responsibility of issuing rules and guidance where appropriate to carry out the purposes and objectives of the Federal consumer financial laws. The Bureau carries out that responsibility by gathering the best available evidence and engaging in rulemakings to address market failures and reduce unwarranted regulatory burden so as to enable markets to operate efficiently, transparently, and competitively.

The Bureau will attain its first goal by achieving the following three objectives:

## Objective 1.1: Ensure that consumers are provided with timely and understandable information to make responsible decisions about financial transactions.<sup>5</sup>

### Strategies

- Provide financial education to the public.
- Share research on effective financial education and financial well-being with financial educators.

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<sup>4</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(a).

<sup>5</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(1).

- Address needs for inclusion and financial security of servicemembers, older Americans, traditionally underserved consumers and communities, and students.
- Research and report on the effectiveness of paper and electronic disclosures and issue rules and waivers of rules as appropriate to improve the effectiveness of disclosures.
- Facilitate the collection, monitoring, and response to consumer complaints and inquiries regarding consumer financial products and services.

Objective 1.2: Regularly identify and address outdated, unnecessary, or unduly burdensome regulations in order to reduce unwarranted regulatory burdens.<sup>6</sup>

### Strategies

- Obtain input and feedback with respect to existing regulations, alternative approaches to regulation, and alternatives to regulation.
- Conduct empirical assessments to evaluate the effectiveness of significant Bureau rules in achieving the purposes and objectives of title X of the Dodd-Frank Act and the specific goals stated by the Bureau.
- Periodically review individual regulations (or parts of regulations) to identify opportunities for clarification, modernization, and streamlining.
- Engage in rulemaking where appropriate to address unwarranted regulatory burdens.

Objective 1.3: Ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.<sup>7</sup>

### Strategies

- Effectively monitor consumer financial markets and rigorously study and report on consumer decisions and outcomes.

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<sup>6</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(3).

<sup>7</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(5).

- Engage in rulemaking or other activities where appropriate to respond to emerging markets and products, changes in market conditions, or innovation.
- Pursue an efficient, transparent, and inclusive approach to developing or revising regulations.
- Carefully evaluate the potential benefits and costs of contemplated regulations.
- Provide financial institutions, service providers, and other entities with tools and resources to support implementation and compliance with consumer financial protection laws.
- Gather input from stakeholders on the Bureau's policies and operations.

## Goal 2: Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.<sup>8</sup>

It is not enough simply to ensure that consumers have access to markets for consumer financial products and services. Equally important, those markets must be fair, transparent and competitive. Through the regulations it writes to implement federal consumer financial law and its activities to promote compliance with those laws, the Bureau is focused and is equipped to prevent financial harm to consumers resulting from unfair, opaque, or noncompetitive acts by market participants. The Bureau's aim is to promote practices that benefit consumers, responsible providers, and the economy as a whole.

An important objective of the Dodd-Frank Act is to ensure that Federal consumer financial law is enforced consistently without regard to whether a financial service provider is a bank or nonbank. Toward that end, the Dodd-Frank Act gives the Bureau the authority to supervise and examine many nonbank financial service providers such as mortgage companies, payday lenders, private education lenders, and larger participants in other markets as defined by rules issued by the Bureau. Industry structure is always changing, and therefore, so too will the number of institutions that fall under the Bureau's supervisory authority.

The Bureau will attain its second goal by achieving the following objectives:

### Objective 2.1: Protect consumers from unfair, deceptive, or abusive acts and practices and from discrimination.<sup>9</sup>

#### Strategies

- Enhance compliance with federal laws intended to ensure the fair, equitable and nondiscriminatory access to credit for both individuals and companies and promote fair lending compliance and education.
- Strengthen prevention and response to elder financial exploitation.

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<sup>8</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(a).

<sup>9</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(2).

In addition to executing the strategies described above, the Bureau will execute the strategies in Objective 2.2 to protect consumers from discrimination and unfair, deceptive, or abusive acts and practices.

**Objective 2.2: Enforce federal consumer financial law consistently, without regard to the status of a person as a depository institution, in order to promote fair competition.<sup>10</sup>**

### Strategies

- Acquire and analyze qualitative and quantitative information and data pertaining to consumer financial products and service markets and companies.
- Focus supervision and enforcement resources on institutions and their product lines that pose the greatest risk to consumers based on the nature of the product, field and market intelligence, and the size of the institution and product line.
- As appropriate, share information, coordinate activity, and promote best practices with fellow supervisory and law enforcement agencies to ensure the most effective use of regulatory resources.
- Promote development and enhancement of technology solutions to ensure compliance with Federal consumer financial laws including technology solutions for coordinating supervisory information capable of recording, storing, tracking and reporting information on the Bureau's supervisory process.
- Enhance internal policies that facilitate the integration of the Bureau's supervision and enforcement functions.

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<sup>10</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(b)(4).

## Goal 3: Foster operational excellence through efficient and effective processes, governance and security of resources and information.

The Bureau will review or revise its programs, policies and processes that support and govern its internal operations to achieve its consumer protection mission and strategic goals. Achieving operational excellence requires the Bureau to mature and adapt policies, processes, tools and controls to operate more efficiently, effectively, and transparently. To accomplish its mission, the Bureau needs to maintain a sustainable, high performing, diverse, inclusive, and engaged workforce. By identifying and adopting leading practices to select, develop and retain employees, the Bureau can ensure that its workforce has the experience and skills needed to realize the strategic goals.

The Bureau is committed to being a responsible steward of resources, which is critical to maintaining the public trust that enables the Bureau to achieve its mission. This includes having adequate information security safeguards to protect the Bureau's assets and information, robust internal controls, and disciplined financial management practices. To foster accountability, the Bureau will monitor and conduct periodic evaluations of operations to ensure effective management of resources and risk. This entails looking for opportunities to be more efficient and effective through innovative technology, adoption of an enterprise risk management program, identification of budget savings and execution of process improvement activities.

The Bureau will attain its third goal by achieving the following objectives:

1. **Objective 3.1:** Safeguard the Bureau's information and systems.
2. **Objective 3.2:** Maintain a talented, diverse, inclusive and engaged workforce.
3. **Objective 3.3:** Manage risk and promote accountability within the Bureau.

### Objective 3.1: Safeguard the Bureau's information and systems.

#### Strategies

- Mature and continue to maintain a responsive cybersecurity program that facilitates secure information management and strategic decision-making.
- Align the Bureau's information technology investments with federal security standards and priorities, and industry-leading practices.

## Objective 3.2: Maintain a talented, diverse, inclusive and engaged workforce.

### Strategies

- Establish and maintain human capital policies and programs to help the agency effectively and efficiently manage a talented, diverse, and inclusive workforce.
- Offer learning and development opportunities that foster a climate of professional growth and continuous improvement.
- Develop human capital processes, tools, and technologies that continue to support the maturation of the Bureau and the effectiveness of human resource operations.
- Build a positive work environment that engages employees and enables them to continue doing their best work.
- Maintain comprehensive equal employment opportunity (EEO) compliance and diversity and inclusion programs, including those focused on minority and women inclusion.

## Objective 3.3: Manage risk and promote accountability within the Bureau.

### Strategies

- Align resources to mission and promote budget discipline.
- Continue to leverage shared services for management functions such as financial management and travel in order to maximize resources and cost efficiencies.
- Provide accurate, complete, and meaningful information about the financial and operating performance of the Bureau to internal and external stakeholders.
- Acquire, deploy and maintain a suite of enterprise-wide services and secure technology capabilities that optimize staff productivity and are cost-effective.
- Mature and maintain a culture of continuous improvement to support the highest and best use of resources and minimize the risk of waste, fraud, and abuse.
- Develop and mature an Enterprise Risk Management (ERM) program to strengthen leadership decision-making, enhance the resource allocation process, and improve overall organizational performance.

# Appendix

## Program evaluations and research

To assess progress toward achieving its strategic goals and objectives, the Bureau conducts regular program evaluations and introduces course corrections as necessary. The Bureau continuously evaluates its efforts to identify opportunities for enhancement and increased effectiveness. The following summary highlights key evaluation efforts the Bureau has undertaken across its strategic goals, and is included here in accordance with the Government Performance and Results Act (GPRA) and the GPRA Modernization Act:

- The Bureau is publishing a series of Requests for Information (RFIs) seeking comment on its enforcement, supervision, rulemaking, market monitoring, and education activities. These RFIs will provide an opportunity for the public to submit feedback and suggest ways to improve outcomes for both consumers and covered entities;
- Three times a year, Bureau leadership reviews the Bureau's progress toward achieving its strategic goals and objectives and the Bureau's efforts to develop diverse and inclusive programs. At these points, course corrections are made as needed;
- The U.S. Government Accountability Office conducts selected studies or investigations related to the Bureau's programs every year, and it performs an annual audit of the Bureau's financial statements and internal controls, as required by the Dodd-Frank Act;
- The Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Bureau is an independent oversight authority that conducts audits, inspections, evaluation, and other reviews of programs and operations of the Bureau; and
- In accordance with the Dodd-Frank Act, the Bureau orders an annual independent audit of the operations and budget of the Bureau.

### Goal 1

The Bureau's Consumer Education and Engagement Division assesses its consumer education initiatives. The efforts include:

- Conducting field research studies to assess usage or effectiveness of consumer tools and resources;
- Conducting independent program evaluations, as appropriate to the size and nature of the investments;
- Using website analytics to measure the number of site visitors, activities and pages they visit and download and where they spend time, and seeking additional feedback; and
- Monitoring the monthly usage of "Ask CFPB," as well as periodically conducting user and usability testing to identify areas for updating or optimization.

The Bureau's Research, Markets, and Regulations Division's efforts to improve Bureau rulewriting deliverables, associated analyses, and procedures include:

- Continuing disclosure testing as appropriate, which informs proposed and final regulations mandating disclosures;
- Conducting lab experiments, randomized control trials, and scientific surveys to ensure that policy making is evidence-based and effective;
- Continuing review and renewal of the Bureau's Paperwork Reduction Act (PRA) burden estimates for inherited regulations, and identifying areas for improvements;
- Launching a program to review existing regulations or subparts of major regulations to assess opportunities for clarification, updating, and streamlining;
- Forming a cross-Bureau Regulatory Burden Task Force to identify opportunities to reduce regulatory burden;
- Conducting assessments of significant rules issued in the prior five years; and
- Develop databases that will allow the Bureau to appropriately monitor markets and conduct research to surface trends, opportunities, and risks relevant to consumers.

## Goal 2

The Bureau's Supervision, Enforcement, and Fair Lending Division's efforts to improve Bureau supervision examinations and enforcement activities include:

- Continuing to implement, expand, and evaluate the effect of process improvements;
- Continuing to review and analyze processes to determine methods for increased effectiveness and efficiency in its supervision program; and
- Piloting a project to conduct supervisory activities to supplement the traditional examination process.

## Goal 3

The Bureau continuously evaluates internal operations, and these efforts include:

- Continuing to evaluate the Bureau's operational programs, policies, and processes, including through its annual review of the effectiveness of internal controls;
- Timely remediation and close out of audit recommendations;
- Developing an Enterprise Risk Management (ERM) program that will include establishing ongoing monitoring and review of risk areas;
- Participating in annual Federal Information Security Management Act (FISMA) reviews to ensure appropriate levels of information security are maintained and addressed; and
- Conducting a comprehensive review and analysis of the results of the Annual Employee Survey and using the results to improve our work environment.