



Consumer Financial Protection Bureau
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Lorelei Salas
Commissioner

July 3, 2018

RE: Docket No. CFPB-2018-0015, Request for Information Regarding Bureau Financial Education Programs

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The mission of the New York City Department of Consumer Affairs (“DCA”) is to protect and enhance the daily economic lives of New Yorkers to create thriving communities. DCA licenses more than 81,000 businesses in more than 50 industries and enforces key consumer protection, licensing, and workplace laws. By supporting businesses through equitable enforcement and access to resources, and by helping to resolve complaints, DCA protects the marketplace from predatory practices and strives to create a culture of compliance.

We appreciate the opportunity to provide comments on the ways in which the Bureau fulfills its statutory objective to ensure that consumers have “timely and understandable information to make responsible decisions about financial transactions.”¹ DCA is well positioned to respond to the Bureau’s Request for Information on this topic. Our agency, in addition to enforcing New York City’s Consumer Protection Law, is home to the Office of Financial Empowerment, a municipal office that, through non-profit partners, provides free financial education and financial counseling services to thousands of New Yorkers. OFE’s mission is to educate, empower, and protect New Yorkers and neighborhoods with low incomes so they can build assets and make the most of their financial resources.

As the Bureau, through this RFI process, reflects on the effectiveness of its financial education programs, it should consider its work in the context of its trusted place in the financial ecosystem. By developing clear, accurate resources that have earned the trust of consumers and service providers across the country, the Bureau has proven its ability to fulfill its statutory obligation to educate consumers.

While we encourage innovation and improvement, we caution the Bureau against straying too far from the approach to financial education it has taken thus far. Furthermore, we would discourage the Bureau from eliminating any of the resources it has already developed and made public. We believe that the Bureau’s website should continue to serve as a repository for financial education information, tools, and research publications.

Our comments discuss our assessment of the Bureau’s current financial education materials and programs, as well as offering guidance for future expansions of the Bureau’s financial education initiatives. We recommend that the Bureau build upon its successes and increase the depth and breadth of its educational programming and resources. The disparity between financial marketing and financial education, as well as the geographic disparities in

¹12 U.S.C. 5511(b)(1).

financial education offerings, heighten the need for a strong Consumer Financial Protection Bureau.

The Bureau should expand its current financial education programs, which provide valuable resources, to help foster knowledgeable consumers who understand the financial marketplace. As discussed in the 2013 Bureau report “Navigating the Market: A Comparison of Spending on Financial Education and Financial Marketing,” spending dedicated to financial industry marketing dwarfs financial education spending. While federal, state, and local governments, financial institutions, non-profit groups, foundations, and others spend a combined total of approximately \$670 million annually on providing financial education, the financial services industry spends roughly 25 times that amount, \$17 billion, on marketing consumer financial products and services to consumers.² This disparity in spending highlights the need for a trusted source of financial education – a source with national reach such as the Bureau.

The Bureau serves a vital function as a repository of trustworthy consumer financial education resources, and in many communities across the country it is the only actor in this space. While New York City residents benefit from the financial education efforts of DCA, other City agencies, and a host of non-profit service providers, for many Americans, particularly those in rural communities, financial education resources are few and far between. There is no countervailing force to the marketing of financial products and services, some of which may be harmful to consumers, or at the least, inappropriate for their financial circumstances. The Bureau is essential to the goal of shrinking the gap in access to financial knowledge and protection.

In addition to producing valuable consumer-facing materials, the Bureau’s work enhances the quality of the field of consumer education by providing frameworks and scales for evaluating the effectiveness of financial education and financial counseling. A prime example of this is the Financial Well-Being Scale³, an important tool for assessing and tracking individuals’ financial well-being, and for measuring the success of education and counseling interventions. Providing guidance to individuals and organizations in the financial empowerment field is an important complement to the Bureau’s consumer-facing resources. DCA can attest to the fact that practitioners avail themselves of the Bureau’s offerings. The results of a recent survey of DCA’s network of financial counselors and coaches show that these service providers are aware of – and refer clients to – Bureau resources, such as the Your Money Your Goals toolkit.

The Bureau should preserve the ability of consumers and service providers to access the Bureau’s existing financial education resources, and should add to its current suite of financial programs without fear of duplicating other, similar offerings. The Bureau occupies a unique position of trust and, as a federal agency, has nationwide reach. While other actors in the field, including DCA, seek to educate consumers, there is no substitute for the Bureau.

As the Bureau considers which metrics may be appropriate for evaluating the effectiveness of its financial education work, DCA would like to reiterate the importance of stakeholder trust. While consumer financial literacy and consumer behavior change are important metrics for evaluating the success of financial education programs, measuring trust in the messenger for these programs is also critical. The Bureau should work to ensure that it retains the trust that consumers and service providers have placed in the

² https://files.consumerfinance.gov/f/201311_cfpb_navigating-the-market-final.pdf

³ <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>

Bureau in the years since its creation. It can retain this trust in several ways, including by maintaining the high quality and objectivity of its financial education resources.

As the Bureau considers the future of its consumer financial education programs, it should ensure that its efforts target a wide range of constituencies. As noted in the Request for Information, the Bureau “develops programs to serve the general public, as well as specific populations, including service members, veterans and their families, older Americans, students, and traditionally underserved consumers.”⁴ The breadth of this last category “traditionally underserved consumers,” gives the Bureau wide latitude in developing its programs for target audiences.

We urge the Bureau to maintain and expand the resources devoted to individuals in this underserved category, including individuals with disabilities, Native Americans, and undocumented individuals. This sentiment is echoed by our network of service providers. In a recent survey of New York financial empowerment providers, all respondents suggested that the Bureau develop more resources for immigrant communities. Respondents also indicated that they would like the Bureau to develop more resources for youth, as well for those with limited English proficiency.

The Department of Consumer Affairs applauds the Bureau’s efforts to create and disseminate consumer financial education resources and programs on a range of topics critical to financial health. As the Bureau has noted in its reports, the goal of financial education should be improvement in individual financial well-being.⁵ DCA shares this goal, and we urge the Bureau to continue to build on its strong record of earning consumer trust and providing valuable resources to a diverse audience. We appreciate the opportunity to comment on the Bureau’s financial education programs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lorelei Salas', with a long horizontal stroke extending to the right.

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Commissioner

⁴ https://files.consumerfinance.gov/f/documents/cfpb_rfi_consumer-education_042018.pdf

⁵ <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being/>