



Financial Services Management

Big-Bank Consumer Service

Cite

CFPB, Request for Information Regarding Relationship Banking and Customer Service

Recommended Distribution:

Consumer Finance, Policy, Legal, Government Relations

Website:

https://files.consumerfinance.gov/f/documents/cfpb_relationship-banking-customer-service_rfi_2022-06.pdf

Impact Assessment

- The CFPB has expanded its purview to customer service as well as consumer protection.
- New standards for larger banks on consumer-inquiry response time, methodology are possible.

Overview

Combining some of its outstanding initiatives and adding new ones, the CFPB is seeking information on how well larger banks and credit unions serve consumers and what steps may be needed to make them do better. The focus of the inquiry is response time, content, and methodology following consumer inquiries based on provisions in the agency's mandate allowing it to require that banks with assets over \$10 billion and their affiliates provide timely responses to consumer requests for information about their accounts.¹ This was included in the Dodd-Frank Act because of many instances in which borrowers had so much difficulty finding out about their mortgages that foreclosure loomed or even occurred. The Bureau is now inferring a broader rationale for these requirements: the need to preserve relationship banking via the "human touch" rapid responses ensure so that high-quality banking services are readily available in all markets, including those characterized as "banking deserts."

Impact

The CFPB believes that larger banks may not be providing what it calls the "baseline level" of consumer service rightly expected from companies which "have control over their money." This appears to presume that there is an objective level of satisfactory service beyond that dictated by customer preference and that banks – not

¹ See **CONSUMER14**, *Financial Services Management*, July 19, 2010.

consumers – control their money, two conclusions of uncertain provenance with an unclear relationship to the consumer-protection objectives more often cited as CFPB concerns. Similarly, the CFPB’s over-arching goal – “relationship banking” – is described as an “aspirational goal” that “can play a critical role in helping to foster fair, transparent, and competitive marketplaces.” The Bureau goes on to say that achieving this goal is “especially critical” when consumers want and seek “high-value human interactions in their financial lives.

It is unclear how increasing inquiry-response time may do so. However, the Bureau’s recent ruling on algorithmic underwriting appears linked to this initiative because Director Chopra described relationship banking as the cure to “algorithmic banking.” This prior action was limited in immediate effect to adverse-action notices, but it was framed as an opening salvo on this broader campaign.² As noted below, the Bureau here is seeking views not only on response times, but also on far broader issues germane to consumer-data use. The Bureau has taken no recent actions in this area despite President Biden’s request that it provide consumers an express right to data ownership.³ However, Mr. Chopra has said that he intends to explore data-use prohibitions to increase relationship banking as well as enhance competitiveness fairness and racial equity.

What’s Next

The CFPB released this RFI on June 14; comments are due thirty days after *Federal Register* publication.

Analysis

The Institutions covered by the questions below are those with over \$10 billion in assets. Consistent with its recent practice, the Bureau solicits stories and other anecdotes related to customer service and data access. It also poses questions to frame the discussion, including:

- the kinds of information consumers request and how readily it is obtained;
- channels through what data requests are lodged and how responsive each has proven;
- consumer-service personnel evaluation and compensation;
- customer-service obstacles, with particular attention to those in rural communities and for immigrants and older citizens;
- call-center and digital experiences;
- fees related to consumer service or data requests;
- the value of consumer service; and
- the most important information consumers seek.

² See **FAIRLEND11**, *Financial Services Management*, June 1, 2022.

³ See *Client Report MERGER6*, July 9, 2021.