

ANALYTICS UPDATE

2013: A busy year for the CFPB, an expensive year for banks



Since its creation in 2011, the Consumer Financial Protection Bureau has been busy establishing its jurisdiction and authority over financial services providers. In 2013, the agency continued to expand its impact, assessing almost \$2.8 billion in fines and restitution. It continued to step up its oversight as well, with initiatives in two new areas – debt collection and wire transfers. This has almost tripled the number of companies on its radar. Bank, credit unions, and financial services companies of all types are learning to navigate in these new regulatory waters.

For the past two years, the CFPB has been publishing the consumer complaints it receives in a public database in an effort to increase transparency. This data has become a rich source of direct customer feedback which companies can use to measure how they compare to competitors, and more importantly, to identify their customers’ biggest pain points and take appropriate action. Companies that don’t identify and address customer issues put themselves at serious risk. Beyond the Arc has analyzed the 2013 CFPB complaint data to uncover insights that may help financial institutions improve the customer experience and avoid billions of dollars in potential penalties.

Key insights by category

- **Mortgages** – Over the course of the year, mortgage complaints saw an almost 50% decrease in 2013, from 5,909 complaints in January to just 2,846 in December.
- **Credit reporting** – Although the top 3 credit reporting companies all had similar complaint levels, Equifax had the highest number responses disputed by customers, pointing to a possible problem with their complaint resolution process.
- **Bank account and servicing** – “Problems caused by my funds being low” represented a disproportionately large share of complaints resulting in monetary relief to the customer. With the CFPB focused on overdraft policies, banks need to investigate and address the root causes of these complaints.
- **Credit cards** – When scaled by the number of cards in circulation, TD Bank has the highest number of credit card complaints – a fact that is surely not lost on the CFPB.
- **Debt collection** – Debt collection is the fastest growing product in the database, and will soon overtake mortgage complaints in monthly volume.
- **Consumer loans** – Some northeastern states have a disproportionately high number of consumer loan complaints per capita. Santander (formerly Sovereign) Bank accounts for a large share of the complaints in this area.
- **Student loans** – Sallie Mae and Discover Financial could have potentially avoided regulatory problems by analyzing the CFPB database to identify issues with loan repayment.
- **Money transfers** – Although it accounts for the lowest number of complaints, money transfer complaints increased in 2013.





Key takeaways

It is in both companies' and customers' best interests to make sure that a customer's complaint does not go unheard. We think that rarely, if ever, will customers file a complaint with the CFPB without first trying to resolve the issue with the institution. As we've highlighted here and shown in our upcoming comprehensive 2014 CFPB report, analysis of the complaint database can help companies identify customer experience problems.

Companies have access to internal customer feedback data, survey data, social media data, call center transcripts, and other data sources rich in customer experience insights. They just need the analytical tools and processes to unlock this hidden value. By developing proactive customer listening and analytics capabilities, companies have the ability to prevent complaints before they are filed.

Let's Talk

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