



BILLING CODE: 4810-AM-P

BUREAU OF CONSUMER FINANCIAL PROTECTION

[Docket No. CFPB-2019-0048]

Request for Information Regarding Tech Sprints

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Notice and request for information.

SUMMARY: The Bureau of Consumer Financial Protection (Bureau) seeks comments and information to identify opportunities to utilize Tech Sprints as a means to encourage regulatory innovation and collaborate with stakeholders in developing viable solutions to regulatory compliance challenges.

DATES: Comments must be received by November 8, 2019.

ADDRESSES: You may submit responsive information and other comments, identified by Docket No. CFPB-2019-0048, by any of the following methods:

- Electronic: Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Email: 2019-RFI-TechSprints@cfpb.gov. Include Docket No. CFPB-2019-0048 in the subject line of the message.
- Mail: Comment Intake, Office of the Executive Secretary, Bureau of Consumer Financial Protection, 1700 G Street NW, Washington, DC 20552.

Instructions: The Bureau encourages the early submission of comments. All submissions must include the document title and docket number. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. In general, all comments received will be posted without change to

<http://www.regulations.gov>. In addition, comments will be available for public inspection and copying at 1700 G St NW, Washington, DC 20552, on official business days between the hours of 10 a.m. and 5 p.m. eastern standard time. You can make an appointment to inspect the documents by telephoning 202-435-9169.

All submissions in response to this request for information, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as account numbers or Social Security numbers, or names of other individuals, should not be included. Submissions will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: For general inquiries and submission process questions, please call Tim Lambert at (202) 435-7523. If you require this document in an alternative electronic format, please contact CFPB_Accessibility@cfpb.gov.

SUPPLEMENTARY INFORMATION: The Bureau has a statutory responsibility to regularly identify and address outdated, unnecessary or unduly burdensome regulations in order to reduce unwarranted regulatory burdens. 12 U.S.C. 5511(b)(3). Technology plays an increasingly critical role in financial regulatory compliance. For financial institutions, technology is used to assess and address compliance risk. Government regulators use technology to help evaluate market risks and effectively deploy compliance and enforcement resources. Interactions between regulators and financial institutions are facilitated by technology in areas such as regulatory reporting, and improvements in supervision technology can help to modernize the examination process. Finally, the evolution of technologies used in credit markets, while potentially increasing access to responsible credit, challenge financial institutions and regulators to properly identify and control risk.

In all these areas, regulators are exploring how they can effectively engage with financial technology to help keep up with the rapidly accelerating pace of innovation. The integration of technology and regulatory compliance has the potential to harness technological advances to reduce burden, improve results, and create greater efficiencies across financial markets that can ultimately reduce consumer costs. The expertise of vendors, regulated entities, academia, and community groups can help regulators understand the benefits and risks of such technology.

Technological Innovation at the Bureau

Among the objectives established by Congress for the Bureau is to facilitate innovation. 12 U.S.C. 5511(b)(5). The Bureau has worked to achieve this goal not only in its work with external stakeholders but also in its own operations. In developing software, the Bureau has adopted open source practices, permitting industry to use its shared code, build directly to its specifications, and suggest improvements and enhancements to Bureau systems. In regulatory reporting, the Bureau created an entirely cloud-based platform for the submission, processing, and publication of Home Mortgage Disclosure Act (HMDA) data by the Federal Financial Institutions Examination Council (FFIEC), with a web-based filing application replacing the former email, fax, paper, and electronic-file based system. The Bureau developed the new HMDA Platform (<https://ffiec.cfpb.gov>) through extensive consultations with HMDA users with the goal of minimizing burden and cost for both regulated entities and government while satisfying all legal requirements and increasing overall efficiencies. The new system, developed as open source (<https://github.com/cfpb/hmda-platform>), was guided by a philosophy of continuous improvement to avoid rapidly outdated software, using a container-based (<https://hub.docker.com/u/hmda>) microservices approach and modern cloud architectures. The front-end design incorporated user testing to refine and improve the data filing as well as

publication capabilities. Regulatory file submissions are processed through the HMDA Platform Rule Engine, a translation of regulation text to program code, and users are presented with success and error results of HMDA “edits” during the annual filing process. First deployed in 2018, the HMDA Platform requires just one interaction with the FFIEC to complete required data filing, replacing an iterative process that generally lasted weeks. Additionally, the HMDA Platform allows users to produce and export custom data sets rather than relying on numerous static reports that few previously accessed. To enable external software developers to access some of the key services offered by the HMDA Platform, the Bureau publishes Application Programming Interfaces (APIs) that can be integrated into external websites, analytical tools, and industry software.

The Bureau has innovated in other areas as well. Bureau regulations are available in the form of open source Interactive Regulations, making legal requirements easier to read, navigate and understand. The Bureau uses machine learning to analyze and interpret consumer complaints it receives in order to quickly identify new and emerging risks in the consumer marketplace. In addition, upon assuming the chairmanship of the FFIEC earlier this year, the Bureau’s Director identified as a priority the issue of data transfer from financial institutions to regulators, and is working with the other FFIEC agencies to identify opportunities for improvement and burden reduction.

To guide its efforts to facilitate innovation, the Bureau seeks to strengthen its open collaboration with stakeholders in order to work together in developing solutions to shared problems. It looks to foster an approach that inquires how technology might reshape compliance, speed effective interaction between regulators and financial institutions, and decrease cost and administrative burden.

Tech Sprints

The Bureau is exploring Tech Sprints as a model for collaborative innovation. Used successfully by the Financial Conduct Authority (FCA) in the United Kingdom, Tech Sprints gather regulators, technologists, financial institutions, and subject matter experts from key stakeholders for several days to work together to develop innovative solutions to clearly-identified challenges. Small teams include participants from both the regulator and a diversity of entities to ensure the inclusion of regulatory, industry, and technology perspectives. The regulator assigns a specific regulatory compliance or market problem to each team and challenges the teams to solve or mitigate the problem using modern technologies and approaches. The teams then work for several days to produce actionable ideas, write computer code, and present their solutions. On the final day, each team presents to an independent panel of judges that selects winners. The most promising ideas can then be further developed either in collaboration with the regulator or by external parties. The FCA has organized seven Tech Sprints since 2016 and has started a pilot project on digital regulatory reporting built on ideas developed in a Tech Sprint.

In the United States, Tech Sprints have been used in a variety of ways, including by the U.S. Census Bureau (Census Bureau) and the U.S. Department of Health and Human Services (HHS). At the Census Bureau, The Opportunity Project (TOP) matched tech companies, universities, government and communities together to translate U.S. government open data into useful digital products over the course of a 12-week sprint. At the end of the sprint, products launched and often moved on to full development as tools for the public. HHS, along with Presidential Innovation Fellows, organized health Tech Sprints known as TOP Health focused on

healthcare-related challenges that used artificial intelligence (AI) and machine learning techniques with Federal data.

Call for Ideas

The Bureau seeks ideas on how it can use Tech Sprints to advance regulatory innovation and compliance. Specifically, the Bureau is interested in using Tech Sprints:

- To leverage cloud solutions, machine automated compliance checks that allow for independent validation by regulators, and other developments that may reduce or modify the need for regulated entities to transfer data to the Bureau.
- To continue to innovate HMDA data submission, processing, and publication to help ease burden, increase flexibility, and resolve compliance challenges, while satisfying all legal requirements.
- To identify new technologies and approaches that can be used by the Bureau to provide more cost-effective oversight of supervised entities, effective evaluation of compliance and risk, and closer interface with financial industry systems and technology that may include the use, for example, of analytical tools in the review of mortgage origination data.
- To explore other technological approaches to robust and secure data access or exchange between regulated entities and the Bureau.
- To reduce unwarranted regulatory compliance burdens.

The information provided will help the Bureau identify how stakeholders can work together to create a regulatory environment (1) which allows innovation to flourish, is flexible, efficient and effective; (2) where new and/or emerging risks can be identified and managed effectively; and (3) where consumers have the appropriate level of protection and suitable access

to the benefits of technological advancement. The Bureau is seeking to collaborate with stakeholders in developing solutions to regulatory compliance challenges, and is not seeking to endorse a particular product or service.

In particular, the Bureau asks commenters to respond to the following questions:

- What regulatory compliance issues, problems, procedures, or requirements could benefit from innovation through a Bureau Tech Sprint?
- What financial technology or other advances hold the most promise for helping modernize regulatory compliance?
- What other suggestions do you have for how the Bureau could plan, organize, and conduct a Tech Sprint, including its participants, duration, and location?
- Other than organizing Tech Sprints, what else might the Bureau do to encourage innovation in financial products and services? For example, could advances be encouraged by changes to certain Bureau rules or policies?
- Are there any concerns that might discourage participation in Tech Sprints that the Bureau could address?

AUTHORITY: 12 U.S.C. 5511(c).

Dated: September 12, 2019.

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Director, Bureau of Consumer Financial Protection.

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