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Testimony of Spencer Cowan before the Consumer Financial Protection Bureau Field Hearing on Consumer Complaint Database

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Good morning. I am Spencer Cowan, Vice President of Research at Woodstock Institute, a leading research and policy organization focusing on financial systems reform, wealth creation, and fair access to financial services. Thank you to the panel for inviting me to speak today on the consumer complaint database.

One of my principal responsibilities is analyzing data concerning financial conditions and patterns of transactions affecting people and communities of color and lower wealth individuals and neighborhoods in the Chicago six county region. The data analysis that Woodstock does highlights some of the disparities that adversely impact those people and communities and helps inform the policy debate over how to address those issues.

For me, data are the basis for sound decision- and policymaking in both the public and private sectors. That's why private sector businesses spend so much to gather data about the cost of materials, production processes, distribution, customers, and every other aspect of their operations. They use the data they gather to find out where they are not performing optimally, to find new markets, and to seek out opportunities to improve corporate profitability.

Data serve exactly the same function in the public sector. The difference is that performance is not measured by market share and profitability. An agency such as the Consumer Finance Protection Bureau is established to address conditions that adversely affect people in communities, and data allow the agency to determine the nature and extent of the problem, who or what is contributing to the problem, and who is being harmed. They allow the agency to tailor its response to address those specific issues. Data also allow the agency to measure its own performance, to establish baselines and benchmarks to show whether it is achieving the purposes for which it was established.

The consumer complaint database that the CFPB is compiling is exactly that kind of tool and goes to exactly the core functions of the CFPB. Some of the data about the complaint and financial institution's response, excluding personally identifiable information, is available to the public for downloading and analysis.

The CFPB consumer complaint database is necessary and should be made public in as much detail as possible. It allows the CFPB to determine exactly what the nature of the problem is, and to gauge its own performance.

The reason the database should be made public is that, from my perspective as an analyst and as a citizen and member of the community, it allows me to see how well the CFPB is performing its job. I wish every part of government operated at maximum efficiency and vigorously fulfilled its obligations. Unfortunately, I know that's not always the case. Publicly available data are what allow me to independently assess the performance of agencies like the CFPB, to hold it accountable to the public it was meant to serve. It is not enough for any agency to expect the public to trust it. The public needs to be able to verify that the agency is doing its job, and that requires data.

Making data publicly available serves another important function. It allows the public to do additional analysis, to look at issues and the data in ways that perhaps the agency is not doing. This has been true in

my research, and for evaluating the CFPB, I wish the data were more complete. The data need to include the basic elements of fair lending analysis, including the race, ethnicity, gender, and age of the person filing the complaint, and they need to be aggregated at the smallest geography that still protects the privacy of the consumer, preferably at the census tract level as is currently done with Home Mortgage Disclosure Act data. I would like to have the consumer to have the option of having the entire narrative included in the publicly available dataset to provide more detail about nature of the problems.

Finally, I appreciate the fact that making detailed complaint data public might create an impression that is unfavorable about some providers. But, as Director Cordray said, providers are already using the data to find where they can improve and where they are doing better than their peers. That is important for consumers to know and is a powerful incentive for providers to follow best practices in their dealings with consumers. Thank you.