

Equity Action Plan Digest: Consumer Financial Protection Bureau

Summarized by Travis Reginal

This is one in a series of Urban Institute digests summarizing federal agencies', subagencies', and commissions' 2022 equity action plans, which were released in response to the Biden administration's January 2021 executive order, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. The Consumer Financial Protection Bureau's equity action plan is available at https://files.consumerfinance.gov/f/documents/cfpb_equity-action-plan_2022-04.pdf (PDF).

Overview

What problem is the agency trying to solve?	Ensuring underserved communities, minority groups, and small businesses are not excluded from banking options and opportunities to build wealth (p. 6)
Priority groups	Historically marginalized communities (Asian, Black, Hispanic, Native American, and low-income white and rural communities) (p. 10)
Historic harm mentioned?	Yes
Partners in implementation	Equal Employment Opportunity Commission and the White House Office of Science and Technology Policy
Equity defined as	"In order to make financial markets work for all consumers, the Bureau uses its authorities and tools to address the systemic barriers to equitable financial access and the legacy of historical discrimination, as well as discriminatory practices. The Bureau also takes proactive steps to address disparities in equal access to credit, as appropriate" (p. 2)

Pillars and Principles of Equity

Acknowledgement of past harm and present barriers	Lack of prioritization of racial and economic equity in the agency (p. 3); unequal access to credit (p. 6); redlining on the basis of race (p. 6); Big Tech companies preventing competition (p. 8); algorithmic bias (p. 9); lack of equity in property valuations (p. 10)
Impact goals	Incorporate racial and economic equity principles (p. 3); end mortgage redlining (p. 6); uphold consumer protection rights (p. 8); promote fairness and equity in property valuations (p.10)
Actions and activities	Launched dynamic supplier diversity registry for minority- and women-owned Businesses (p. 2); proposed new rule to increase access to credit from small businesses and minority- and women-owned businesses (p. 3); challenging banks that discriminate against people of color (p. 3); collecting detailed data on access to credit for business owners of color (7); addressing anticompetitive practices from Big Tech companies (p. 8)
Accountability measures and approaches	Semiannual and annual reports to Congress (p. 5); existing planning and monitoring processes (p. 7)

Note: For the rubric we used to evaluate these components of the equity action plans, see the appendix to the Urban Institute's 2023 brief "Pathways to Equity at Scale: An Analysis of the 2022 Federal Equity Action Plans and Recommendations for 2023 Plans," available at https://www.urban.org/sites/default/files/2023-03/Pathways%20to%20Equity%20at%20Scale%20Appendix_0.pdf.

Types of Equity and Related Activities

Procedural (example: expanding language and translation services; simplifying the vendor application process)	Systematically working with minority- and women-owned businesses (p. 2); expanded underserved communities' access to credit and capital through the Dodd-Frank Act and the use of special purpose credit programs (p. 7)
Distributional (example: creating new procurement program)	See "Procedural"
Structural (example: policy change via proposing legislation related to an equity goal; changing organizational functions)	Cross-governmental partnership on eradicating bias in home appraisals; incorporated racial and economic equity principles into divisions' strategic action plans (p. 4); using its authority over unfair, deceptive, or abusive acts or practices to prevent anticompetitive practices that impact communities of color the most (p. 9)

Key Metrics to Measure Progress on Equity

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- completion of diversity, equity, inclusion, and accessibility strategic plan goals (p. 5)
 - incorporation of racial and economic equity principles in future strategic planning (p. 5)
 - number of fair lending actions and amount of relief offered (p. 7)
 - number of Special Purpose Credit Programs offered (p. 7)
 - completion of Section 1033 rulemaking (p. 9)
 - percentage of financial institutions that have implemented practices to prevent algorithmic bias in lending (p. 9)
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Looking Ahead: Key Reflections for Plan Implementation

Where is the agency set up for success?	The agency's independent mandate and regulatory powers position it well to achieve most of its goals
Areas for future investment and growth	Increase in distributional equity through the creation of programs and designated funding streams for disadvantaged groups; room to quantify progress metrics
