InfoSight Newsletter

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Highlights

Reminder: There will be no newsletter next week!

In the spirit of Thanksgiving, we're reflecting on what we're grateful for- and that's you! We want to thank you for all your continued support and engagement with League InfoSight, and we wish you and your families a very happy holiday!

To learn more about RecoveryPro, InfoSight, and CU Policy Pro, visit [League InfoSight] today!

Compliance and Advocacy News & Highlights

CFPB Issues Guidance to Address Shoddy Investigation Practices by Consumer Reporting Companies

the Consumer Financial Protection Bureau (CFPB) issued a circular to affirm that neither consumer reporting companies nor information furnishers can skirt dispute investigation requirements. The circular outlines how federal and state consumer protection enforcers, including regulators and attorneys general, can bring claims against companies that fail to investigate and resolve consumer report disputes. The CFPB has found that consumer reporting companies and some furnishers have failed to conduct reasonable investigations of consumer disputes and to spend the time necessary to get to the bottom of inaccuracies. These failures can affect, among other things, people's eligibility for loans and interest rates, for insurance, and for rental housing and employment.

"One wrong piece of information on a person's credit report can have destructive consequences that follow a consumer for years," said CFPB Director Rohit Chopra. "Companies that fail to properly address consumer disputes in accordance with the law may face serious consequences."

When people identify inaccurate information on their consumer report, they can dispute it with the consumer reporting company. However, that important right is dependent on consumer reporting companies and furnishers conducting complete investigations. The CFPB's supervisory exams suggest that consumer reporting companies do not always live up to their investigatory responsibilities. In some cases, the CFPB found consumer reporting companies ignored the results of their investigations and simply deleted disputed tradelines instead of correcting inaccurate information. Consumer complaints received by the CFPB highlight similar problems. In fact, inaccurate information and failures to investigate are the two most common consumer reporting complaints received by the CFPB.

Consumer reporting companies are required to investigate all disputes that are not frivolous or irrelevant. Consumer reporting companies and furnishers may be liable under the Fair Credit Reporting Act if they fail to investigate relevant disputes, and claims can be pursued by both state and federal consumer protection enforcers and regulators. Specific responsibilities for the investigations include:

- **Consumer reporting companies must promptly provide to the furnisher all relevant information regarding a person's dispute:** After a person disputes the accuracy or completeness of information in their file, the consumer reporting company must notify the entity that originally furnished the information within five business days. In addition, the consumer reporting company must give the furnisher all relevant information provided by the individual.
- **Consumer reporting companies and furnishers may not limit a person's dispute rights:** Consumer reporting companies and furnishers must reasonably investigate disputes received directly from individuals. For furnishers, they must reasonably investigate all indirect disputes received from consumer reporting companies. These requirements remain in place even if a person does not include or use the entity's preferred format, intake forms, or documentation.

Visit the CFPB website today, to learn more.

Source: CFPB

NCUA Chairman Harper Testifies on State of the Credit Union Industry at Senate Hearing

NCUA Chairman Todd M. Harper, along with other financial regulatory agency principals, testified today at a hearing before the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

Chairman Harper provided the Committee with a state of the credit union system and the factors that will affect its performance in 2023. He also discussed the status of the National Credit Union Share Insurance Fund and the Central Liquidity Facility (CLF), the need for the agency to have parity with other federal financial regulators in its ability to supervise third-party vendors, along with the NCUA's efforts to preserve minority depository institutions and enhance the agency's consumer financial protection program.

"While the economic fallout of the COVID-19 pandemic along with rising interest rates have influenced credit union performance over the last year, the credit union industry remains on a solid footing," Chairman Harper said. "As we move into 2023, the NCUA is emphasizing that all credit unions must remain vigilant in managing safety and soundness and consumer financial protection to prepare for rising interest rates, inflationary pressures, liquidity concerns, and cybersecurity threats."

Harper called on Congress to make the CLF agent-membership provisions permanent to provide regulatory certainty for smaller credit unions and strengthen the system's ability to respond to future emergencies.

"Without legislative action by year's end, three out of every four credit unions—including most minority credit unions—will soon lose access to an important liquidity backstop. And, the credit union system's capacity to address liquidity events will shrink by almost $10 billion. With growing interest rate risk and rising liquidity concerns, now is not the time to decrease access to the system's liquidity shock absorber," Harper said.

Harper cautioned that the expiration of the NCUA's vendor authority creates a blind spot for the NCUA as an increasing number of credit union operations, including lending and compliance management, are migrating to parties outside of the agency's supervision. He again called on Congress to restore the agency's ability to oversee third-party vendors and credit union service organizations.

"This statutory change would provide the NCUA parity with other agencies that supervise and regulate federally insured depository institutions," Harper said. "This examination authority is critical given the system's increased reliance on third-party vendors and credit union service organizations."

The Government Accountability Office, the Financial Stability Oversight Council, and the NCUA's Office of the Inspector General have all recommended that Congress pass legislation to restore NCUA's vendor authority.

For more information on these updates, visit NCUA.

Source: NCUA

CFPB Publishes New Bulletin Analyzing Rise in Crypto-Asset Complaints

The Consumer Financial Protection Bureau (CFPB) released a new complaint bulletin that highlights complaints the CFPB received related to crypto-assets. Consumers most commonly reported being victimized by frauds, theft, account hacks, and scams. Consumers also had issues with executing transactions and transferring assets between exchanges. Many consumers had issues with accessing funds in their account due to outright platform failures, identity verification issues, security holds, or because of technical issues with platforms. Poor customer service is a common theme across crypto-related complaints.

“Our analysis of consumer complaints suggests that bad actors are leveraging crypto-assets to perpetrate fraud on the public,” said CFPB Director Rohit Chopra. “Americans are also reporting transaction problems, frozen accounts, and lost savings when it comes to crypto-assets. People should be wary of anyone seeking upfront payment in crypto-assets, since this may be a scam. We will continue our work to keep the payments system safe from fraudsters targeting Americans.”

Crypto-assets are a private sector digital asset that depend primarily on cryptography and a distributed ledger (such as a blockchain) or similar technology. These assets are also commonly referred to as “virtual currencies,” “cryptocurrencies,” “crypto tokens,” “crypto coins,” or simply “crypto”.

Scammers often target crypto-assets since it can be difficult to determine the person or people behind many crypto-asset addresses, and there are a number of techniques scammers use to obscure the movement of crypto-assets to other accounts. This can make tracing crypto-assets stolen by fraudsters more time consuming for regulators and law enforcement.

As price volatility and adoption of crypto-assets has increased in recent years, there has been a similar rise in complaints received by the CFPB about these financial products. From October 2018 to September 2022, the CFPB received more than 8,300 complaints related to crypto-assets, with the majority of them received in the past two years. For about 40% of crypto-asset complaints handled since October 2018, consumers listed frauds and scams as the main issue. Various transactional issues with crypto-assets accounted for about 25 percent of complaints, while issues with assets not being available when promised made up about 16% of complaints.

The bulletin identified several common risk themes in analyzing crypto-asset complaints. Hacks by malicious actors have marred crypto-assets, and led to significant financial loss by consumers with no recourse for recovering stolen funds.

To read the full article, please visit CFPB.

Source: CFPB

Articles of Interest:

- *The Acceleration of Faster ACH Payments Continues with Late Night ACH*
- *Same Day ACH: Over 2 Billion Payments*

Advocacy Resources:

- *[Happenings in Washington (Removing Barriers Blog)]*

WOCCU (World Council of Credit Unions Advocacy) Advocacy Resources:

- *Telegraph – Current advocacy news world-wide.*
- *Advocate Blog – Check out recent updates!*

Compliance Calendar

- *November 24th, 2022: Thanksgiving Day - Federal Holiday*
- *December 26th, 2022: Christmas Day - Federal Holiday (observed)*
- *January 1st, 2023:* ***Annual Updates***
- *January 1st, 2023:* ***Current Expected Credit Losses (FASB/NCUA)***