



August 31, 2015

Monica Jackson  
Office of the Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G Street, NW  
Washington, DC 20552

**Re: *Request for Information Regarding the Consumer Complaint Database: Data Normalization (Docket No. CFPB-2015-0030)***

Dear Ms. Jackson:

The American Financial Services Association (“AFSA”)<sup>1</sup> welcomes the opportunity to comment on the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) Request for Information (“RFI”) on how data are presented in the Consumer Complaint Database (“Database”). The Bureau is requesting feedback on best practices for “normalizing” the raw complaint data it makes available via the Database so the data it is easier for the public to use and understand. To normalize data is to transform “raw” data so that they may be compared in meaningful ways. As an example, the CFPB states in the RFI that providing the total number of complaints against an issuer of credit cards may offer limited opportunities to analyze that company against other credit card issuers. According to the RFI, providing additional information on the size of the issuer’s credit card business as compared to others provides another aspect from which consumers may make better informed decisions.

AFSA opposes the CFPB’s effort to normalize the complaint data for this simple reason – data normalization is only worth the effort if the data is reliable. The data in the Database is not always correct and so is not reliable. Therefore, normalizing the incorrect data will not help better inform consumers, but instead will further misinform consumers. An example of how the data is incorrect is as follows: a borrower files a complaint against an installment lender, but identifies the complaint as being about a payday lender. In another example, a complainant may state that the complaint is about the “APR or interest rate,” but the complaint is really about a late fee. These types of problems abound in the Database.

If the CFPB was going to go ahead and try to normalize the data, a lot of work would need to be done. In order to compare data in a meaningful way, that data must be similar. Because there are so many different types of separate and discrete markets within the “consumer finance” space, general normalization attempts are unlikely to be useful. The data would need to be separated out by product, sub-product, issue, geography, number of customers, and even credit profile covered. Moreover, because most of AFSA’s members are regulated at the state level, any normalization

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<sup>1</sup> Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans. AFSA is based in Washington, DC.

would need to take state differences into account. AFSA members may make loans under the same state regulatory statute, but each creditor does things differently and sometimes those differences are substantial.

Even with all of that detail, comparisons between finance companies would be rough at best. For example, a non-prime lender will have vastly more collections activity than a prime lender. As a result, the non-prime lender would probably have more collections activity. Thus, it would not be surprising if the non-prime lender had more complaints about collections or more complaints as a percentage of their account portfolio. Explaining this example in a way the average consumer could quickly understand would not be easy. In another example, an auto lender that does not purchase loans would not normally get complaints that relate to dealer behavior, but an indirect lender would. This means that the indirect lender may get more complaints than a direct lender.<sup>2</sup> The same is likely for real estate lenders using brokers versus those that do not.

Adding to the difficulty is the fact that in order to include information such as the number of customers and the credit profile of the borrowers, there would need to be a requirement that each creditor periodically report data in a standardized format that is not in use for a majority of AFSA's members. Gathering and reporting this information in a standardized format would be expensive and time-consuming. Also, since many finance companies are not publicly traded, much of that data is confidential and proprietary. Reporting this data would be complicated going forward, but it would be even more difficult to go back and sort data from past years into this new format. Would the past data have to be normalized?

Instead of normalizing the data, the CFPB should focus on collecting better data. AFSA members receive complaints without vital information, such as the borrower's address, property address, loan number, phone number, or email.<sup>3</sup> In order to solve this problem, more of the fields in the complaint form should be mandatory for the complainant to complete. It would also be helpful for the categories on the complaint form to be more granular. For example, after the big categories under mortgage, such as "servicing," the CFPB should offer sub-categories, such as "collecting after bankruptcy filed" or "harassing phone calls or letters."

In short, normalizing the complaint data would be a great amount of work with likely little consumer benefit. If the CFPB decides to proceed with the effort to normalize the data, the CFPB should give everyone an opportunity to comment on the specific approach that the Bureau proposes using. We understand that the CFPB has said that this would be the last opportunity to comment, but we respectfully request that the CFPB reconsider that position given the amount of work that companies would be required to perform to normalize their data.

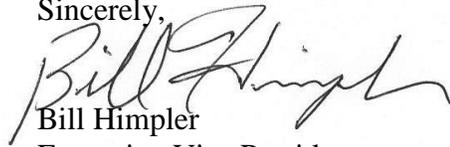
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<sup>2</sup> AFSA knows that the CFPB is working on its process so that complaints about dealers do not go to finance companies, but finance companies are still sometimes getting dealer complaints.

<sup>3</sup> AFSA members receive complaints that reference attachments or documents, but no document is attached. It would be helpful for complainants and finance companies for the CFPB's website to offer a prompt, such as "Did you forget to attach a file?" for complaints that contain a word such as "attachment," "doc," "document," etc.

Please contact me by phone, 202-466-8616, or e-mail, [bhimpler@afsamail.org](mailto:bhimpler@afsamail.org), with any questions.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive style with a large, stylized "B" and "H".

Bill Himpler

Executive Vice President

American Financial Services Association