

Acting Director Russell Vought
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

RE: Proposed Consumer Financial Civil Penalty Fund Rule Amendment (12 CFR Part 1075, Docket No. CFPB-2025-0021)

Dear Acting Director Vought:

We, the undersigned consumer advocacy organizations, community development practitioners, financial education and coaching providers, and community development financial institutions, are pleased to submit comments to the Consumer Financial Protection Bureau (CFPB)'s proposed rule amendment regarding the Consumer Financial Civil Penalty Fund. We strongly oppose the proposal to remove references to allocating funds for consumer education and financial literacy programs. **By making this change, the CFPB would forfeit an opportunity to improve household finances, increase deposits to financial institutions, and increase consumers' access to quality financial products.** This is particularly important for rural areas, which are most likely to experience persistent poverty.¹

Enforcement of financial laws and direct compensation to consumers impacted by harmful financial practices remain essential functions of the CFPB and the Civil Penalty Fund. Between 2010 and 2024, the CFPB collected \$3.7 billion into the Civil Penalty Fund and issued \$3.3 billion in payments to 6.7 million people.² However, as established by Congress in enacting the Consumer Financial Protection Act of 2010, the Bureau is empowered to allocate amounts in the Fund that can't practically be distributed directly (e.g. due to death or inability to locate the consumer) for consumer education and financial literacy programs. [12 U.S.C. 5497\(d\)\(2\)](#). At a time when more than half of U.S. adults lack financial literacy skills³ and U.S. household debt is at an all-time high,⁴ consumer education, financial literacy, and financial coaching programs are important tools to reduce consumers' vulnerability to financial harm and increase their long-term financial resilience.

The notice of proposed rulemaking "seeks specific comment regarding whether there is any data, and in particular methodologically rigorous research, to indicate the existence of a market failure or other compelling public need that would justify the retention of the references in the 2013 Rule to allocating funds for consumer education and financial literacy programs." **In fact, the CFPB's own evaluation**

¹ U.S. Department of Agriculture (USDA) Economic Research Service, May 4 2020. *Extreme Poverty Counties Found Solely in Rural Areas in 2018*. <https://www.ers.usda.gov/amber-waves/2020/may/extreme-poverty-counties-found-solely-in-rural-areas-in-2018>

² CFPB, Civil Penalty Fund. Retrieved July 8, 2025 from <https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/civil-penalty-fund/#chart-Civil%20Penalty%20Fund%20by%20the%20numbers>

³ World Economic Forum, April 24, 2024. *Can you answer these 3 questions about your finances? The majority of US adults cannot*. <https://www.weforum.org/stories/2024/04/financial-literacy-money-education/#:~:text=Financial%20literacy%20in%20the%20US&text=The%20index%20explores%20eight%20functional,in%20the%20past%20two%20years.>

⁴ MarketWatch, May 18, 2025. *The State of American Debt: Household Debt Hits All-Time High of \$18.2 Trillion*. <https://www.marketwatch.com/financial-guides/personal-loans/household-american-debt/>

research has demonstrated the impact of allocating funds for consumer education and financial literacy programs in improving household finances at scale for a wide range of consumers.⁵

Unfortunately, as noted in the notice, the Bureau has historically allocated relatively little of the Civil Penalty Fund to consumer education and financial literacy programs. **Given their demonstrated impact, we urge the CFPB to take steps to increase, rather than eliminate, the allocation of funds for these programs.**

In 2015, the Consumer Financial Protection Bureau launched the Financial Coaching Initiative, a pilot program that provided financial coaching services to Veterans and low-income consumers, embedding trained financial coaches into 60 community-based organizations across the country. Over four years, the Financial Coaching Initiative served more than 23,000 consumers. The majority (57%) of these clients improved their financial capability by objective measures such as using a budget, having an emergency fund, and increasing their savings.⁶ Previous CFPB studies further support the effectiveness of financial coaching programs in improving credit scores, increasing the amount and frequency of savings deposits, reducing debt, and reducing financial stress among participants.⁷

Beyond their impacts on individuals, financial coaching programs have the power to promote broad economic benefits for local economies and financial institutions. When paired with employment assistance programs, financial coaching programs have been found to increase employment gains compared to programs offering employment assistance alone.⁸ People who receive financial coaching services have also been found to reduce their reliance on high-cost alternative financial products like payday loans⁹ and increase their positive use of products offered by depository institutions, such as bank accounts, loans, credit cards, and other lines of credit.¹⁰

Community-based nonprofit organizations like the host sites for the CFPB's inaugural coaching initiative have a long track record of helping families achieve economic self-sufficiency, improve credit, save for long-term goals, and avoid financial hardship. As organizations that either directly provide these services or support partners in doing so, we are committed to identifying opportunities for public-private partnerships that can expand access to effective financial education and literacy programs. We are eager to work with the Bureau to consider how the Consumer Financial Civil Penalty Fund can be best

⁵ CFPB, *Financial Coaching Initiative: Results and Lessons Learned*, May 2021.

<https://www.consumerfinance.gov/data-research/research-reports/financial-coaching-initiative-results-and-lessons-learned/>

⁶ Ibid.

⁷ CFPB, October 2016. *Financial Coaching: A Strategy to Improve Financial Well-Being*,

<https://www.consumerfinance.gov/data-research/research-reports/financial-coaching-strategy-improve-financial-well-being/>

⁸ Economic Mobility Corporation, September 2016. *First Steps on the Road to Financial Well-Being: Final Report from the Evaluation of LISC's Financial Opportunity Centers*, <https://www.lisc.org/our-resources/resource/liscs-financial-opportunity-centers-surpass-other-programs/>

⁹ Urban Institute Study Commissioned by CFPB, October 2015. *An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs*, <https://www.urban.org/sites/default/files/2022-04/2000448-an-evaluation-of-the-impacts-and-implementation-approaches-of-financial-coaching-programs.pdf>

¹⁰ CFPB 2016, Economic Mobility Corporation 2016.

administered to not only continue compensating victims of financial crimes, but to also help households and communities improve their long-term financial resilience.

Sincerely,

National Organizations

Association for Financial Counseling and Planning Education (AFCPE)

Center for LGBTQ Economic Advancement & Research (CLEAR)

Center for Responsible Lending (CRL)

Community Opportunity Alliance

Credit Builders Alliance (CBA)

Ideas42

Inclusiv

JustLeadershipUSA

Local Initiatives Support Corporation (LISC)

Mission Asset Fund

National Consumers League

National Disability Institute

National Endowment for Financial Education

National NeighborWorks Association

National Urban League

Neighborhood Trust Financial Partners

Pockets Change

UnidosUS

State and Local Organizations

Economic Empowerment Center DBA Lending Link (Omaha, NE)

Homestead Resources (Lafayette, IN)

New Jersey Citizen Action (Newark, NJ)

Oregon Consumer League (Portland, OR)

Prosperity Indiana (Indianapolis, IN)

RDI Financial Wellness (Great Falls, MT)

South Carolina Appleseed Legal Justice Center (Columbia, SC)

Virginia Citizens Consumer Council (Elliston, VA)

William E. Morris Institute for Justice (Phoenix, AZ)