

Strengthening the U.S. Digital Infrastructure for Fair Finance

Recommendations Summary

	Immediate	First 100 Days	First Year
<p>Increase Access to Real-Time Payments</p>	<p>Fed: expand Fedwire and NSS operating hours to 24 hours a day, 7 days a week, and 365 days a year to enhance the existing settlement system.</p> <p>[Regulatory Action] Use existing regulatory authority to mandate real-time funds availability for consumers under EFAA Section 402.</p>	<p>Fed: [Regulatory Action] Prioritize role as payment system regulator over that as operator. Conduct complete examination of existing regulatory authority to leverage that authority to promote real-time funds availability.</p> <p>Congress: [Congressional Action] If the Fed does not act, the next stimulus package should clearly define and grant the Fed authority as it relates to real-time payments.</p> <p>Treasury: Consider using alternative means to distribute funds, instead of the existing Fed ACH system. Collect and maintain routing information linking taxpayers to their bank accounts for future COVID and other direct payments.</p>	<p>Congress: [Congressional Action] Modernize and expand EFAA to ensure real-time funds for all payments.</p> <p>CFPB: Examine the role delayed payments take in driving demand for non-bank credit and services and bank overdraft fees. Better understand consumer benefits from faster receipt of funds, including salary.</p> <p>Congress, regulators, and agencies: [Congressional and Regulatory Action] As non-bank payment systems gain traction, the government needs an overarching legal and supervisory framework which emphasizes interconnection, consumer protection, data privacy, and inclusion.</p>



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Expand Access to Credit Through Cash-Flow and Other Data Sources	<p>Regulators: [Regulatory Action] use the full toolkit to engage with and encourage firms to evaluate and incorporate alternative financial data, in particular through examiner engagement to highlight best practices and answer questions.</p> <p>CFPB: [Regulatory Action] create a system with a consistent approach to reporting consumer hardships and lender accommodations to mitigate issues now and in future crises.</p>	<p>CFPB: [Regulatory Action] through 1033 rulemaking, clarify rights and procedures to access bank and prepaid account data for credit scoring and underwriting and clarify whether and how such information is subject to FCRA protections.</p> <p>CFPB: [Regulatory Action] assess if further guidance is needed for lenders to feel more comfortable launching special purpose credit programs.</p>	<p>Federal, state, and local authorities: address market and policy issues to enable consumers' utility payment history to be used for credit scoring and underwriting.</p> <p>Regulators: for machine learning models, develop understanding of how machine learning models can be used in conjunction with alternative data to increase safe, fair, and affordable credit access.</p> <p>Congress and stakeholders: assess whether adjustments in existing statutory protections are warranted to address fairness concerns in using credit reports and/or scores outside of credit underwriting.</p> <p>Financial industries and regulators: move to a system that uses more diverse and real-time data sources.</p>



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Move Toward a People-Centered Digital Identity System	NIST: revisit SP 800-63-3, the Digital Identity Guidelines, started under the Obama Administration but never fully completed.	Federal government: incentivize state and local adoption of login.gov through contingent or additional funding. Provide overarching funding or support to enable departments and agencies to leverage the CMS Federal Data Services Hub.	Congress, regulators, and agencies: review and update laws, regulations, and policies that currently prohibit government agencies from sharing data regarding identity attributes of individuals with the private sector and other public agencies. Federal government: Develop a federated system that leverages public and private data bound by common standards and privacy-by-design features. Learn from systems around the world, especially those that have forged paths to achieve universality without a national government ID system.



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Develop a Digital Regulatory Approach	<p>White House: Diversify agency leadership. Require that candidates for agency head roles make technology innovation a core objective.</p> <p>FDIC, FRB, NCUA, OCC, and CFPB: each appoint two Chief Innovation Officers with regulatory and digital technology backgrounds. Each create a unit that brings together work on tech-focused regulation strategies.</p> <p>Congress and White House: should encourage the agencies to recruit software engineers and designers. appropriate funding for the Federal Financial Institutions Examination Council (FFIEC) to create and offer a technology boot camp.</p> <p>Treasury and the above agencies: form an interagency task force and announce joint plans to fund a regtech accelerator working through an independent nonprofit organization.</p>	<p>OCC, FRB, FDIC, CFPB, NCUA and CSBS: collaborate to move toward a digital regulatory reporting system.</p> <p>Treasury's FinCEN: adopt a process for digitizing Suspicious Action Report data to move toward a fully accessible database with appropriate controls</p> <p>Treasury: With interagency task force, launch a moonshot-style project to shift the financial regulatory system to digitally-native design as fast as possible, including making regulations machine readable.</p> <p>Congress: amend laws to allow greater flexibility for agency technology innovation projects, including the Antideficiency Act, the Paperwork Reduction Act, and the Administrative Procedure Act.</p>	<p>Congress and White House: adopt US strategy for financial innovation.</p> <p>New interagency task force: explore creating public/private standard setting organization to set certifiable standards for tech firms that work with banks.</p> <p>Congress: consider amending the missions of the FDIC, FRB, NCUA, OCC, and CFPB to add a mandate to foster financial industry competition.</p>



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Develop a Cohesive, Modern Financial Data Infrastructure	FTC: [Rulemaking] complete rulemaking to update information security standards for non-banks, particularly important as new, non-bank data intermediaries become an increasingly significant part of the financial data infrastructure.	CFPB: [Regulatory Action] address the ambiguity surrounding Section 1033, including interlocking questions about the FCRA, GLBA, and EFTA. Define supervisory threshold for data aggregators if feasible. Regulators: [Regulatory Action] interagency guidance should be issued to provide clarity on how different financial regulators view relationships between banks and data aggregators in the context of third party risk management.	Congress: [Congressional Action] amend and change laws to address gaps in protections and confusing overlaps. Lawmakers may consider moving away from an “opt-out” regime or implementing a permissible purpose standard. Any changes should consider how data used for financial services fits into the broader dialogue around data governance.
Explore and Test Central Bank Digital Currency	Fed and Treasury: announce a pilot to test the viability and merits of a U.S. CBDC, and make a public commitment to decide on a path forward within 12 months of pilot launch	Fed and Treasury: launch pilot in partnership with a variety of stakeholders, including the private sector. Collaborate with international peers on interoperability and standards.	Fed and Treasury: issue reports that capture progress and findings.

