Prioritized Assessments FAQs

QUESTION 1:
What are Prioritized Assessments?

ANSWER:
Prioritized Assessments (PAs) are a new, targeted supervisory approach that the Bureau has developed in response to the COVID-19 pandemic’s impact on consumers and the consumer financial marketplace. Prioritized Assessments are higher-level inquiries than traditional examinations. They are designed to obtain real-time information from entities that operate in markets that pose elevated risks of consumer harm due to pandemic-related issues.

QUESTION 2:
Why is the Bureau conducting Prioritized Assessments?

ANSWER:
The Bureau is adapting its supervision program to meet the needs of the current crisis. Because COVID-19’s financial impacts and associated relief efforts have significantly changed the financial marketplace, the Bureau is adjusting its supervisory approach and priorities. Through Prioritized Assessments, the Bureau will expand its supervisory oversight to cover a greater number of institutions than our typical examination schedule allows, gain a greater understanding of industry responses to pandemic-related challenges, and help ensure that entities are attentive to practices that may result in consumer harm.

QUESTION 3:
How are Prioritized Assessments different from the Bureau’s more typical examination work?

ANSWER:
Through both its more typical examination work and Prioritized Assessments, the Bureau is committed to using its supervisory authority to prevent violations of Federal consumer financial
law and consumer harm. Prioritized Assessments will be used to identify risk of violations of Federal consumer financial law and consumer harm, particularly in those markets that may be impacted by the COVID-19 pandemic, and to identify whether follow up work is necessary. This inquiry into the risk of violations of Federal consumer law and consumer harm impacted by the COVID-19 pandemic is narrower than the Bureau’s more typical examination work in its time period of review and scope, focusing on the most recent few months and pandemic-related issues.

**QUESTION 4:**
What is the Bureau’s legal authority to conduct Prioritized Assessments?

**ANSWER:**
The Bureau is conducting Prioritized Assessments pursuant to its supervisory authority under sections 1024 and 1025 of the Consumer Financial Protection Act of 2010, 12 U.S.C. §§ 5514, 5515. Under those provisions, the Bureau has supervisory authority to “require reports” and “conduct examinations” of covered persons subject to its supervisory authority for purposes of:

- Assessing compliance with the requirements of Federal consumer financial law;
- Obtaining information about the activities and compliance systems or procedures of such person; and
- Detecting and assessing risks to consumers and to markets for consumer financial products and services.

12 U.S.C. § 5514(b)(1); see also 12 U.S.C. § 5515(b)(1). The focus of the Prioritized Assessments will be to obtain information targeted on activities and compliance procedures related to current issues arising because of the pandemic, and assess risks of violations of Federal consumer financial law and risks to consumers. Unlike a traditional exam, the Prioritized Assessments are designed to focus on compliance risks, and not designed to assess compliance.

**QUESTION 5:**
How did the Bureau determine which entities would receive a Prioritized Assessment?

**ANSWER:**
The Bureau’s supervision program reviewed and analyzed current pandemic related market developments to determine where COVID-related issues are most likely to pose a risk to
consumers. As a result of that review, the Bureau is focusing its efforts on where it believes the
risks are highest to consumers who have lost jobs or income and have trouble making loan
payments that are due. The Bureau is also prioritizing markets where Congress provided
special provisions to help consumers in the CARES Act.

QUESTION 6:
What type of information is the Bureau requesting from financial institutions
during these Prioritized Assessments?

ANSWER:
Bureau examiners will send a targeted information request pursuant to the Bureau’s supervisory
authority to each entity that is the subject of a Prioritized Assessment to obtain information
necessary to assess risks of violations of Federal consumer financial law and risks to
consumers. Each targeted information request is specific to the product market, the market’s
attendant risks to consumers, and the institution. Typically, targeted information requests will
ask for information on how the institution is assisting consumers, challenges the institution is
facing as a result of the COVID-19 pandemic, changes the institution has made to its
compliance management system in response to the COVID-19 pandemic, information about the
institution’s communications with consumers, basic data regarding the institution’s response to
the COVID-19 pandemic, and information about service providers, as applicable. In many
cases, the Bureau anticipates that entities with satisfactory compliance management systems
will be able to respond to the information request by providing the Bureau with preexisting
materials that the entity has already circulated to its board and senior management.

QUESTION 7:
What is the Bureau’s process for conducting Prioritized Assessments?

ANSWER:
The Bureau’s examiners will contact institutions selected for a Prioritized Assessment to inform
them that the Bureau will be conducting a Prioritized Assessment and will explain next steps.
The Bureau’s examiners will preview and discuss the targeted information request with the
institution and then send the targeted information request to the institution. After receiving the
institution’s response to the targeted information request, examiners may follow up with
additional questions or requests. The Bureau’s supervisory personnel will use information
obtained from the institution to assess the risks to compliance and to consumers at the
institution and to evaluate next steps across entities and markets. At the conclusion of the
Prioritized Assessment, the Bureau expects to communicate to the entity that it has completed its analysis, provide a brief assessment, and communicate supervisory expectations, when warranted.

QUESTION 8:
Has the Bureau considered the burden on individual institutions that are subject to a Prioritized Assessment?

ANSWER:
The Bureau will be working to ensure the burden of the Prioritized Assessment is as reasonable as possible in light of its supervisory goals. As an initial matter, examiners will be reasonable in considering and granting any requests for extensions of time needed to respond to the information request. Examiners are also tailoring Prioritized Assessment information requests to individual institutions in three primary ways to reduce burden. First, examiners will tailor the requests based on the information the Bureau already has about the entity and its operations. Second, examiners are working to obtain relevant information from sister federal and state regulatory agencies and are sharing draft information requests with applicable federal and state regulators to minimize duplicative requests. Third, examiners may further tailor the information request to the entity based on the preview discussion of the information request and otherwise will consider any reasonable concerns about the requests.

QUESTION 9:
When will these Prioritized Assessments take place, and how long will they take?

ANSWER:
The Bureau has begun to send information requests in the highest-risk areas, and will continue over the course of the next few months to send requests about additional priority markets. Although with this new effort the exact timing of the assessments is not certain, the Bureau intends to complete these assessments over the course of the next few months. In certain instances, follow up work may continue, depending on the information obtained and risk assessment.