Consumer Finance Monitor (Season 7, Episode 9): How the Consumer Financial Protection Bureau Can Advance the Use of Artificial Intelligence in Consumer Financial Services

Speakers: Alan Kaplinsky and Bradley Blower

Alan Kaplinsky:

Welcome to the award-winning Consumer Finance Monitor podcast, where we explore important new developments in the world of consumer financial services and what they mean for your business, your customers, and the industry. This is a weekly show brought to you by the Consumer Financial Services Group at the Ballard Spahr Law Firm, and I'm your host, Alan Kaplinsky, the former practice group leader for 25 years, and now senior counsel of the Consumer Financial Services Group at Ballard Spahr. And I'll be moderating today's program.

For those of you who want even more information, don't forget about our blog consumerfinancemonitor.com. We've hosted the blog since July 21, 2011, the very date that the CFPB became operational. So there's a lot of relevant industry content there. We also regularly host webinars on subjects of interest to those in the industry. So to subscribe to our blog or to get on the list for our webinars, please visit us at ballardspahr.com.

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So let me describe to you in just a few words the topic that we're going to cover today. And I came upon this topic in the most unlikeliest of places. That is, I was reading the blog of the Consumer Federation of America. And I'm not a regular reader of that blog, but there must have been something telling me in inside my head that I had to take a look at the CFA's blog. And on January 3rd, I found a blog that really caught my interest and really resonated with me.

The title of the blog is The CFPB Has An Opportunity to Greatly Advance the Ethical and Non-Discriminatory Use of AI in Financial Services and Should Take It. And it's authored by Brad Blower, who is our guest today, and I'm going to tell you a little bit more about Brad in a moment, and Adam Rust, who is with the Consumer Federation of America.

Anyway, let me tell you about Brad and then we're going to talk about the blog post that he co-authored. Brad is the principal and founder of a company called Inclusive-Partners LLC. He provides expert advice on fair lending, fair housing, and consumer protection issues, including the development of special purpose credit programs and responsible model development and use of artificial intelligence and data. Brad's wide-ranging experience includes working as general counsel at both the National Community Reinvestment Coalition and HOPE LoanPort, counsel of the Civil Rights Law firm of Relman Colfax, head of Fair Lending at American Express, and a senior attorney at the Department of Justice and the Federal Trade Commission.

Throughout his career, Brad has been laser focused on expanding access to financial services to underserved communities. So Brad, a very warm welcome to you. Should have had you on our show long ago, but I'm really happy that we're getting together today.

Bradley Blower:

Glad to be on. Never too late, Alan. We've known each other for many years.

Alan Kaplinsky:

Okay. So I'm going to give you a few softballs at the beginning before we really take a deep dive into your interesting blog. So I know that you have been, and as my introduction of you supports, a longtime consumer civil rights advocate. Can you tell us a little bit about your involvement in looking at the fairness of models and artificial intelligence?

Bradley Blower:

Sure. So I actually started pretty early in my career. One of my first job after clerking for a federal district judge was working in a law firm that was representing the Office of Thrift Supervision, which is long gone and part of the OCC now, in the takeover of Lincoln Savings and Loan, the Charles Keating entity that was ripping off investors and depositors. And that really got me interested in doing consumer protection and civil rights work.

And so as you mentioned, I've jumped around to different sectors of the market as a lawyer working on the advocacy side with the Federal Trade Commission. I was an assistant director in the Department of Financial Practices at the time and worked a lot on predatory lending cases, including reverse redlining cases, providing disadvantaged products in minority and protected class communities. And that was one of the first cases that dealt with the issue of reverse redlining.

And then from there I went to the Relman Colfax Law Firm, a civil rights law firm based in DC, and did a lot of work in looking at patterns of discrimination in HMDA data and also looking at underwriting guidelines that had proxies for race and ethnicity, like lenders not making loans on row houses in the inner city but they would make loans on townhouses, and also brought a bunch of predatory lending cases against mortgage lenders at Relman exploring the idea of whether lenders could be liable to municipalities for this kind of reverse redlining practices because of the taxes and costs to the cities.

And from there, I later went to the corporate side. My one period working in-house was at American Express as head of Fair Lending at a very similar time for the company that they were dealing with some credit card issues in the territories that had different terms and conditions. And so I was at American Express for about seven years. And a lot of my work there was working on governance committees with stakeholders across the company, looking at the models that AMEX was using, looking for disparate impact and the use of those models and making sure that we had good hygiene practices.

And then from AMEX, went to the National Community Reinvestment Coalition as the general counsel. And that was relevant to models because did a lot of work not only in looking at redlining practices and bringing predatory lending cases, but also worked with something that the NCRC created called the Innovation Council, which was a mix of fintechs and consumer advocates getting together to look for common ground on approaches to dealing with not just AI but responsible lending more generally.

So having this unique perspective of being at different sectors, government, in-house, advocacy groups, I think, has really helped my perspective over the years. And I wrote the blog along with Adam Rust because I saw this as a moment where I thought the regulators, in particularly the CFPB, needed to be prodded to do more with the powers that that agency has in dealing with this inflection point we're at now in the use of AI.

Alan Kaplinsky:

Yeah. So tell us a little bit more, if you would, about what prompted you to write this blog. Something must have gotten under your skin.

Bradley Blower:

Well, yes. I mean, well, first let me say I have a lot of respect for the CFPB and the people who worked there. And I've worked with a lot of them in my career, and it's a very talented agency and a well-meaning agency. But I think what really got under my skin over the last couple of years is in working at NCRC in particular and this Innovation Council group and coming up with suggestions to the Bureau, we would provide responses to requests for information from the Bureau and other regulators on what could the regulators do to really help implement approaches for looking at fairness in the use of models in AI that would be helpful to consumers and would advance financial inclusion.

And not only NCRC, but other advocacy groups and certainly the financial community made suggestions to the Bureau over the last three years in response to these requests for comments. And very little has come out of the Bureau related to AI other than some verbal comments by senior leaders at conferences, which we can talk about on the search for West Discriminatory Alternatives, a few circulars that came out in 2022 and '23. But given the incredible advances in the use of AI over the last year and a half in particular, I thought the Bureau could be doing more.

And when the executive order from the White House came out last October, particularly Executive Order 14110, the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence order, I thought it was a wake-up call to not only the advocacy community but to the regulators that they could do more here. And the White House was asking them do more. And so I thought I wanted to write along with a consumer group like the Consumer Federation of America, something to prod the discussion of what would be helpful for the Bureau to do and why was it so reluctant not to step into this space.

Alan Kaplinsky:

You've really, I think, hit upon a, what I'll call, bipartisan issue. It's not just the consumer advocates that want the CFPB to do more in this area, but it's industry people as well, because the industry is frankly struggling. They want to be able to use AI. They see it as something that can advantage everyone, everybody, everyone if it's done properly. It can be a win-win-win situation. But so far what's come out of the CFPB, it's not worth a heck of a lot. There's nothing you can really do with it. It doesn't really answer any of the questions. How do you go about giving an adverse action notice when you've used AI? There's just no guidance there at all.

So tell us about... I know a report came from a company called FinRegLab, which, and I know you were involved in it, which found, again, an absence of guidance in certain areas. First, tell us, our audience, because some of the people may not know, what is FinRegLab?

Bradley Blower:

So FinRegLab is a nonprofit innovation center that started a few years ago to test new data and techniques to inform public policy. So they aren't a public policy group. They're a group that... They're a think tank basically that does research to help inform public policy debates. And they've come out with a series of papers on the use of AI and machine learning. And their most recent paper that came out just a few months ago included discussions of methodologies for monitoring fairness in AI and machine learning. But it also pointed out some gaps at the Bureau in particular and noted that basically financial services companies were using their best judgment to implement methodologies for testing for fair lending because there really was no federal guidance.

And this is an independent nonpartisan group. And they noted there were no standards for when companies lenders need to look for less discriminatory alternatives than the models or AI that they're using now when they can use de-biasing techniques, which we can talk about a little bit later. There were no standards in terms of what kind of approaches the Bureau thought were going in the right direction, which ones were going in the wrong direction. So it really was leaving it up to individual players in the financial market to make their own best judgment because there was really a lack of a roadmap or any kind of even guardrails out there.

And my concern, and Adam's as well at CFA, was that this means that really just the largest players in the market are going to be able to fully use the best judgment in a way that's safe and sound, and maybe you'll have some disruptors out there who will just try something that might be a little sketchy to implement models, but there's going to be a large swath of people in the middle, you know, credit unions, CDFIs, smaller regional banks that are not going to want to get into the space of using AI or maybe not use it as much as they could to increase inclusiveness because they're scared of... There's a lack of clarity here, and they're afraid of getting sued by the regulator if they get it wrong with the lack of guidance.

Alan Kaplinsky:

Yeah. So why do you suppose CFPB has taken the approach that they have? Why are they tiptoeing in this area? We're walking on eggshells is another way I could put it. What do you think the reason is for that?

Bradley Blower:

Well, I know that staff at the Bureau are working on the issue behind the scenes. And from my engagement with them offline from meetings I've had with clients with them, they're very much... The staff is very professional there. They're very engaged in looking at AI methods that are being used to monitor for disparate impact and use of AI and complex models. But part of this is just the divisive dynamic we're in terms of regulation now.

The Bureau is a bit hamstrung in part because of industry's response on other fronts to the Bureau's actions. And so one example I'd give is where the Bureau has come out with proposed rules and notice-and-comment, for instance, the payday lending rule, the small business data collection rule, even changing their exam manual to update their standards for applying unfairness to discrimination, there's been an immediate pushback from industry and litigation, particularly in Texas in the Fifth Circuit, to enjoin those rules.

So even the small business data collection rule, which Congress directed the Bureau to put out 13 years ago, and it finally has, just went through a torturous period. So understandably, I think the Bureau is a little very careful about picking the spots where it wants to put out guidance or rules because of this litigation.

There are also concerns that I've learned from talking to Bureau staff about that if they put out guidance that somehow the industry or bad actors in the financial industry would game the system to somehow skew their marketing in a way that would meet those standards but not actually advanced financial inclusion. So it's kind of like an argument like if we set a standard or we provide even some broad parameters, people will gain it. It's a very kind of vague concern that the Bureau has.

And then finally, the mantra of senior leaders at the Bureau, including Director Chopra and Patrice Ficklin, head of Fair Lending there, who I have tremendous respect for both of them and have worked with them in the past, is there's this mantra of we don't want to... Our current laws are already sufficient to address fairness in the use of AI. You know? ECOA, the Fair Housing Act, Reg B and other laws.

And so it's a doctrine of we shouldn't have technological exceptionalism, whether you're using a pen and paper, an abacus, a regression model, use of AI and machine learnings, the same laws apply to all of those techniques of making decisions on lending and marketing and underwriting. And so there's really not a need for much additional guidance. You just need to follow the existing laws. That's the approach that they're taking.

Alan Kaplinsky:

I'd be curious in your reaction to each of the three reasons that they've given. Do you think... I mean, if you were at the CFPB, would you do the same thing that they're doing?

Bradley Blower:

I would be more active than they've been. I do certainly understand that... And for my days working at the Federal Trade Commission in the financial practices section, I think there's a concern sometimes as a regulator that you can overly prescribe and be too prescriptive in the way that you put out rules and guidance that might stifle innovation. So we do have to be careful about that. But I think the industry does need to know that the regulator's on the beat, that they're trying to provide helpful, constructive ways that you can follow the law.

And so I think this approach that the Bureau's taken is overly skittish. To put out a couple of circulars to make comments verbally at a conference that you need to apply existing laws and have robust methods for looking at your models is not enough. So I think even given the litigation, even given the concerns about gaming, or as Director Chopra has sometimes said, "The Bureau shouldn't pick winners and losers," I don't think providing guidance is picking winners and losers. It's not saying this company is getting it right, this company's getting wrong. It's providing guidance to everybody and is providing some transparency to consumers about what they should expect in how they're going to be treated.

Alan Kaplinsky:

Yeah. No, I completely agree with you. And the idea that they're paralyzed from doing anything because they're afraid they're going to get sued, they've never, at least in the past, Director Chopra has said it right from the beginning of his term that he was not going to be intimidated by the threat of litigation. And he understood there would be issues that would have to be litigated in court. And I thought his attitude was, "Bring it on if we have to." So it sounds like he's changed his posture.

Bradley Blower:

Well, it has... I would partially disagree and partially agree. I mean, I do think the Bureau has been willing to really have a robust public discussion on some issues. They just put out an insufficient fees proposed rule and junk fee rule that is going to, I'm sure, get a lot of comment, particularly the NSF proposed rule includes some language about what the abusiveness standard should be, which I'm sure will get a lot of comments. So they're willing to take on some issues. So I'm a little surprised by the reluctance to address AI in a more constructive way, particularly at this inflection point now.

Alan Kaplinsky:

Yeah. Do you think it might be, Brad, that they don't have the expertise at the Bureau, that they feel outmatched by the people experts in the industry and that they're really afraid to do much because in terms of expertise, they can't match the industry?

Bradley Blower:

I don't think it's that. I mean, knowing the people at the Bureau and the staff that they brought in under Director Chopra and that were there even before under Kraninger and other administrations, I think they have the talent there to do this. And they are behind the scenes as part of their supervisory authority, very engaged with companies directly and looking at their models. And I knew this from when I was at American Express. I mean, we had some issues with the CFPB and we dealt with very talented staff at the Bureau and we resolved the issue.

But no, I think it's more they're picking their battles very carefully. And I think the Bureau maybe underestimated a little bit how much pushback they would get from the industry, even on the small business data collection ruling. Getting that out the door has taken 13 years and challenges in court and even a Congressional Review Act scenario that took place for a couple months. So finally it's going to come out. I think they just have underestimated the pushback that you would get.

Alan Kaplinsky:

Yeah. So let's talk about specific areas or ideas that you as an advocate and that you've suggested that the Bureau should consider.

Bradley Blower:

Yeah. And so particularly when I was at the National Community of Investment Coalition, and even afterwards in my current consulting role, I proposed, and other advocacy groups and fintechs have proposed, that the Bureau could put out some guardrails in terms of how do you measure practical and statistical significance when you're looking at district impact.

For instance, many groups use what's called an adverse impact ratio or AIR, which is basically a ratio of the people in protected classes who are accepted for a loan over the people in non-protected, Whites basically, or men who get loans to determine what the ratio is, and to set some parameters of when that ratio is above a certain level, when you get closer to parity, for instance, between Whites and Blacks, or Whites and Hispanic Hispanics, or men and women, you don't need to do a deeper dive.

But as the ratio gets lower, and let's say only 70% of people who are Black get approved versus 100% Whites, you need to do a deeper dive mean. So the suggestion was are there things like use of adverse impact ratios looking at parameters for standard meet deviation and other tests and metrics that the Bureau could consider saying to the industry, these are some thresholds you should consider as you're doing your own internal analysis and we expect you to use these.

I've also suggested, and Patrice Fickland got at this a little bit in verbal comments she made last year, but there's been no written guidance on more concrete plans of what the Bureau expects in terms of when a lender needs to look for a less discriminatory alternative to an algorithm or models using the verbal guidance that's been given, which has been helpful, which is you need to do a robust review. You need to not just look at outcomes from and outputs from your models, but you need to look at what's going into your models and monitor your AI and models periodically. Why you're using it to make sure you understand it is not enough.

I mean, I think there needs to be written guidance that can help industry, and particularly that middle group I was talking about before, not the bigger players or the disruptors who really don't... The disruptors don't care. The big players are going to mostly get it right because they have the resources to do it. But that middle portion of the industry really needs some parameters including metrics that would be helpful.

And then finally, there's been a suggestion from advocates and some in the fintechs industry that maybe we should even consider using racial data and protected class data in developing models in terms of debiasing them, not in terms of how you make a decision in using that information, but in using something called adversarial debiasing, using protected class information as part of your development of models to make sure that you're not discriminating. And there's been no real guidance from the Bureau on that as well.

Alan Kaplinsky:

And I take it, these are the three things you identified. These are the three things that you suggested that the CFPB consider?

Bradley Blower:

These are things that I have suggested and others over the last three years, but nothing has come out. And this is in response to the Bureau asking these questions and what can we do.

So to get back to the blog, the blog basically acknowledged, look, the Bureau's not done much in this area, what could the Bureau do, as kind of a soft approach given that it's skittish about litigation, given that it's concerns that it's expressed through its staff about gaming and not creating exceptions for certain technologies. I think the Bureau could put out much more. The Bureau is uniquely positioned. It has not only enforcement authority, it has supervisory authority, and it has rulemaking authority. And so it's one of the only agencies I know of that has all three. So it's kind of like Spider-Man. You know? It has... With superpowers you have great responsibility to use them. And they're not using them as responsibly as they could.

So one suggestion that Adam and I had in the blog was you have supervisory highlights that the Bureau puts out a couple times a year. You have fair lending highlights they put out. Provide some information from the supervisory exams that you're doing of institutions of things that you're seeing that are headed in the right direction, issues and approaches that you're seeing are headed in the wrong direction and why you think that. That could be incredibly helpful to the industry and to consumers. And you don't see any of that in the supervisory highlights or the fair lending highlights that they're putting out.

Alan Kaplinsky:

I mean usually, and correct me if I am mistaken, but I think the supervisory highlights, at least the ones that they've done so far, have focused on the things that companies or banks have done wrong without naming who they are, but giving examples of violations of laws that they have identified with the hope that other supervised entities can learn from that. I think what's new about your suggestion, and I love the idea, and that is don't only describe what people are doing wrong, describe some of the things that people are doing right to deal with knotty issues, issues that aren't so clear cut.

Bradley Blower:

I agree completely. When you're just going to do enforcement actions and talk about what's going wrong, you're going to get at a part of the problem, but there's a much larger swath of the industry that's trying to get this right. And they need some either validation or at least directional validation that they're headed in the right direction so that the fair lending officers at financial institutions, the business people at institutions can say, "Okay, we read these supervisory highlights." There is power in doing some of the things that we've been trying to do to promote financial inclusion.

There's no guarantee from the Bureau that you're not going to get an enforcement action, but at least in the supervisory highlight, if the Bureau said, "Here's some approaches generally, without naming players, without getting into proprietary information, here's some approaches that we directionally think are headed in the proper direction," that would be very helpful to arm people who are in-house trying to do the right thing to continue to do that and other institutions to do it as well.

Alan Kaplinsky:

Yeah. So in the absence of guidance from the CFPB, at least so far, where do you think industry is headed on fairness, compliance, disparate impact monitoring? What are they doing?

Bradley Blower:

Yeah. I mean, I think you'll continue to see large institutions like the bank I worked for really heavily monitoring, applying the latest technology, looking at inputs to models and algorithms. And you'll see disruptors in the industry who will be using techniques that are questionable, like how you use social media. If you're connected to certain people on social media, does that mean that you're more credit-worthy? Other things, where you shop, things like that that have some issues. But you'll have this wide swath, as I said in the middle, who will be out of the game and may not be doing as much as they can.

You're also going to see industry like in the small business lending space that are going to have to really look at their, if they haven't already, they've had 13 years to think about this, look at their small business data. And that's going to be subject to increased scrutiny over the next couple of years as that data becomes available and looking at ways to use AI to increase financial inclusion in that area. I think you'll also see, and you are already seeing an uptick in special program credit, SPCBs. I always forget what it... Special Program Credit Practices where you can do loans in a way that targets underserved communities. You're going to see a lot of these special purpose programs unveiling over the next year, and we've already seen an uptick in that.

But I think the Bureau over the next year, at least of the Biden administration, and we'll see what happens in the elections, is really going to be focusing on some select areas where it thinks it can make a difference on chunk fees and things like that, implementing the 1071 rule. But I don't think, aside from some enforcement actions, you're going to see the Bureau doing much more. But I think industry really, because we are at this inflection point with AI where the capabilities have increased dramatically, I think industry is going to continue to push the boundaries and without much guidance unfortunately from the regulators other than look to the existing law.

Alan Kaplinsky:

Yeah. I mean, I think you've hit on something. You haven't said it exactly the way I'm about to say it, but the Biden administration, you get a lot more mileage out of going after junk fees, late fees, over-limit fees, NSF fees. That is the kind of issue that might resonate with a member of the public. When you start getting into the area of AI, it gets too complicated for the average citizen. It's not something that Biden can make any hay out of. Hey, look at the guidance that the CFPB just gave to the industry on how they can use AI and still comply with the law.

Bradley Blower:

I agree with you in part. I mean, it's not as sexy as these other issues, but I think with the advent of generative AI and ChatGPT, that really has captured the public's imagination. And I think consumers are very concerned about, as you interact with the company and you're dealing with chatbots and decisions are being made about your economic well-being and what kind of credit you can get, you want to understand how that's happening.

And so the Bureau has focused in these circulars on adverse action notices that are required by ECOA and the Fair Credit Reporting Act and saying you need those reason codes to be accurate. You can't just use stock codes. They need to really be tied to how your model's working. But I think the public wants more. They want to know that they're getting information that actually can affect their behavior and how they make decisions going forward. So I think there's a way to make this much more palatable and understandable to your average consumer in a way that will really help the Bureau move forward. And so that's why I'm disappointed that they haven't done more other than some circulars on intersection.

Alan Kaplinsky:

Tell us what you mean when you say that there's a need for the industry to turn the dial a bit more toward fairness without losing significant accuracy.

Bradley Blower:

Yeah. I recently attended a couple of weeks ago the National Fair Housing Alliance's Responsible AI Forum, and there was a lot of discussion of this issue. And basically there's been the traditional conception of if you try to be more inclusive in your lending, you're going to do it in a way that is destructive to your ability to predict an accuracy of predicting default on the credit products that you provide. And I think that's a false premise.

I think that the techniques are so advanced now through the use of ML and AI that there are ways, for instance, through adversarial devising, to not only be almost as accurate as you would be without considering for inclusiveness and fairness, but there's a way to turn the dial and use these techniques to increase greatly who you're lending to in protected communities and underserved communities without sacrificing much by way of fairness.

And I'd go back to FinRegLab, and Melissa Koide's the leader, the CEO of that group, has done great work in looking at some models that actually did increase fairness without sacrificing accuracy. There were a series of fintechs who contributed to that study who I would recommend people look at those groups to consider, particularly lenders, in working with those groups that are turning the dial towards fairness without sacrificing accuracy. So I think it's a false premise that you have to sacrifice accuracy for fairness.

Alan Kaplinsky:

So what do you see happening? You've mentioned one or two things, but I'm wondering if you could get or predict what you think the CFPB will be doing on the fairness front over the next year.

Bradley Blower:

Yeah. I think the Bureau will really be focusing on 1071 through a supervisory role in making sure that the rule's being implemented fairly and effectively. I think the Bureau really has learned a lot from the Great Recession and COVID and looking at ways, for instance, to look at how consumers are behaving in the marketplace. And for instance, there are ways to look at how consumers, whether there should be forbearance on loans in a way that's done fairly, that we learned during COVID that if you give a pause on collection and you work with borrowers in a fair way on servicing, I think that there'll be a lot of concentration on servicing practices.

And I think there'll be a lot more, there will continue to be active engagement with stakeholders by the Bureau and other regulators, particularly in the wake of this executive order which basically directs those agencies that are part of the administration to timelines. Because the Bureau is an independent agency, the executive order couldn't direct the Bureau to do certain things. It could only say, "We encourage the Bureau to look at ways that it could improve inclusiveness and combat discrimination." So it's pretty squishy, flexible language.

Alan Kaplinsky:

You still consider CFPB to be an independent agency in light of the Supreme Court opinion and seal a law which gives the president to the right at any time to terminate the director without cause?

Bradley Blower:

I do consider it to be an independent agency, although I agree with you that it muddies the water a little bit, that decision. I mean, but that's why the language in the executive order that came out was much more less directive when it dealt with the independent agencies like the CFPB. But that said, the director's... One thing I am concerned about, and I know you and I have talked about over the years, Alan, is we have these wide shifts of the pendulum when you go from one administration to another at the Bureau, and we need to flatten the curve a little bit when you have these changes so that we don't have these disruptions to the market, consumers are confused. I mean, everybody wants some common rules in the road that they can follow whatever administration you have in power. And that has not been happening as consistently as I think either the industry or consumers would like.

Alan Kaplinsky:

Right, right, right. Yeah. My own belief is that problem that we've seen of going from one administration to another, and we've seen it happen from going to Obama to Trump and then Trump to Biden, the changes at the Bureau have been very dramatic.

Bradley Blower:

But on a brighter note, I do think that there's career staff at the Bureau who have been there for the duration, including Patrice Ficklin who get it, are working on these issues. And so my optimism is that through those kinds of people at the Bureau who are going to try to flatten the curve from administration to administration to make things a little more consistent, maybe we can get some more help here and more guidance and more concrete guidance in the coming years, which I think would be helpful because clearly they have the expertise at the Bureau to put out the guidance. It's just as a reluctance to do it given the divisiveness of the culture we're in.

Alan Kaplinsky:

Yeah. I mean, my view, and I'm sure you don't share it, is that a partial solution to that problem is to use a five-member bipartisan commission, at least I think you see at the FTC less, it's less of a problem from one administration to another. It's still you see some shifts that are fairly dramatic. And the current administration under Lina Khan is a good example of that, where right now they've only got three members on the FTC and they're all Democrats. They don't have any... It's not bipartisan at all. Unfortunately, there's no perfect solution there.

Bradley Blower:

There isn't. And I do disagree with you on this point because I worked at the Federal Trade Commission as a senior manager for about six years. And I find the FTC to be a very effective consumer protection group, but the back and forth between convincing a majority of five commissioners to do the right thing is a difficult and often contentious process. And there is some value in having a strong leader of it. So I think that the way the Bureau is structured now is appropriate, but it does cause sometimes these bumps in the road when you change administration. I agree.

Alan Kaplinsky:

Okay. Well, we've come to the end of our program today, Brad. But before we wrap it up, is there anything, any question I should have asked you that I neglected to ask you that you'd like to share with our audience about the topic of the use of AI and the need for there to be some guidance here?

Bradley Blower:

Yeah. I mean, the only thing I would say add to what we've talked about is I think it's important that stakeholders in the industry and in the advocacy community approach the Bureau about their concerns very directly. And so that's what this blog was intended to do. And I hope it's fostered... I know it's fostered debate within the Bureau about approaches, but I think it's important that people in the industry and consumer advocates reach out proactively to the staff at the Bureau to discuss their thoughts and the need for this additional guidance. That would be very helpful.

Alan Kaplinsky:

Well, hopefully our podcast show today will give even more visibility, even though there's no video component, but more people will become aware of this issue and that will mean that more people will be pushing the CFPB to provide some guidance.

Bradley Blower:

You and I, we don't always agree with each other, but we always respect each other's views. And the fact that you and I agree on this, I think, is a positive sign that there's a need for some change here.

Alan Kaplinsky:

Absolutely. Absolutely. Well, I want to thank you again, Brad, for being on our program today. You've provided some important insight that you've shared with our audience about the blog post that you wrote.

And also to make sure you don't miss our future episodes, please subscribe to our show on your favorite podcast platform, whether it's Apple, Google, Spotify, or any other platform that you use. We are everywhere. Don't forget to check out our blog again, which goes by the same name as our podcast show, Consumer Finance Monitor. Each day we'll have anywhere from two to sometimes five or more blog posts that we hope provide daily insights on the consumer finance industry.

And if you have any questions or suggestions for our show, please email us at podcast@ballardspahr.com. And stay tuned each Thursday for a new episode of our show. Thank you all for listening, and have a good day.