



Consumer Financial  
Protection Bureau

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## **CFPB Finalizes Policy to Facilitate Consumer-Friendly Innovation**

*Bureau Publishes Policy to Reduce Potential Regulatory Uncertainty for Innovative Products that Promise Significant Consumer Benefits*

WASHINGTON, D.C. — Today, the Consumer Financial Protection Bureau (CFPB) finalized a policy to facilitate consumer access to financial products and services that promise substantial benefit to consumers. The new policy establishes a process for companies to apply for a statement from Bureau staff that would reduce regulatory uncertainty for a new product or service that offers the potential for significant consumer-friendly innovation. The policy was proposed in October 2014.

“This new policy is designed to improve access to consumer financial products and services that promise substantial consumer benefits,” said CFPB Director Richard Cordray. “We want to foster a consumer financial marketplace where companies develop safe, innovative products and approaches that can help make people’s lives better.”

**The policy is available at:** [http://files.consumerfinance.gov/f/201602\\_cfpb\\_no-action-letter-policy.pdf](http://files.consumerfinance.gov/f/201602_cfpb_no-action-letter-policy.pdf)

Evolving technologies are driving constant change in today's consumer financial marketplace. This environment can pose both benefits and risks to consumers. In addition to the CFPB's work to hold bad actors accountable, the Bureau's Project Catalyst initiative is working to facilitate marketplace innovation so that new and emerging products that are safe and beneficial for consumers can be developed.

The new policy was created as part of CFPB's Project Catalyst initiative and is intended to enhance regulatory compliance in specific circumstances where a product holds the promise for significant consumer benefit and where there may be uncertainty around how the product fits within an existing regulatory scheme. For example, the policy could be appropriate in a case where an innovative product is being developed that involves technology that did not exist and may not have been contemplated at the time existing regulations were adopted.

In 2013 the CFPB issued a [trial disclosure waiver policy](#), which allows financial services providers to take advantage of new technologies in designing and testing improved alternative federal consumer disclosures. Today's new policy builds on this work to encourage consumer-friendly innovation more broadly.

The new policy announced today creates a process for companies to apply for a statement from Bureau staff, known as a no-action letter. This letter would indicate that Bureau staff reviewed the company's application and have no present intention to recommend enforcement or supervisory action with respect to the particular aspects of the company's product and under the specifically-identified provisions and applications of statutes or regulations that are the subject of the no-action letter.

The policy specifies the information that would be required in any company's application and makes clear that Bureau staff may also require additional information if necessary. The policy would not be a waiver of any law or regulation, and would not give a requesting entity an exemption from complying with any statutory or regulatory rules. Under this policy, both start-ups and established firms may apply for no-action letters.

When assessing applicants, Bureau staff will take into account the factors laid out in the policy, including the company's relevant government supervision and enforcement history. Under the policy, the letters are not binding and are also revocable at any time.

If a no-action letter is issued, it will be posted on the Bureau's website along with a version or summary of the company's request.

The Bureau's Project Catalyst initiative is designed to encourage consumer-friendly developments in markets for consumer financial products and services. The Bureau views this initiative as an important aspect of fulfilling its mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act to provide all consumers access to fair, transparent, effective, and innovative markets.

**The policy has been submitted to the Federal Register and is available**

**at:**[http://files.consumerfinance.gov/f/201602\\_cfpb\\_no-action-letter-policy.pdf](http://files.consumerfinance.gov/f/201602_cfpb_no-action-letter-policy.pdf)

**More information about Project Catalyst is available**

**at:**<http://www.consumerfinance.gov/projectcatalyst/>

**The trial disclosure waiver policy is available**

**at:**[http://files.consumerfinance.gov/f/201310\\_cfpb\\_1032e-trial-disclosure-policy.pdf](http://files.consumerfinance.gov/f/201310_cfpb_1032e-trial-disclosure-policy.pdf)

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