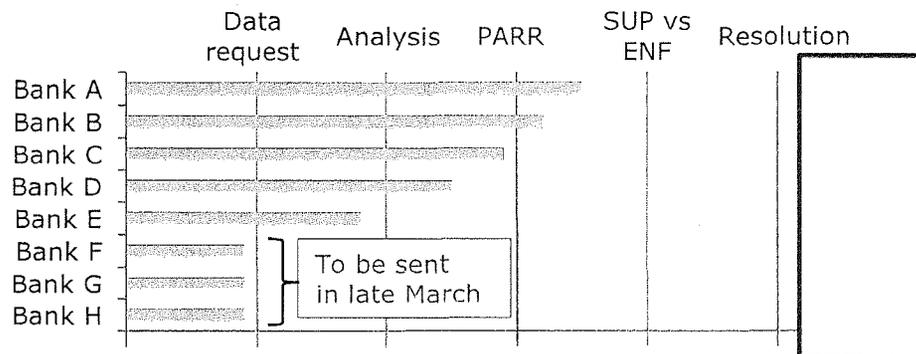


Auto Finance Discrimination Initiative - Update

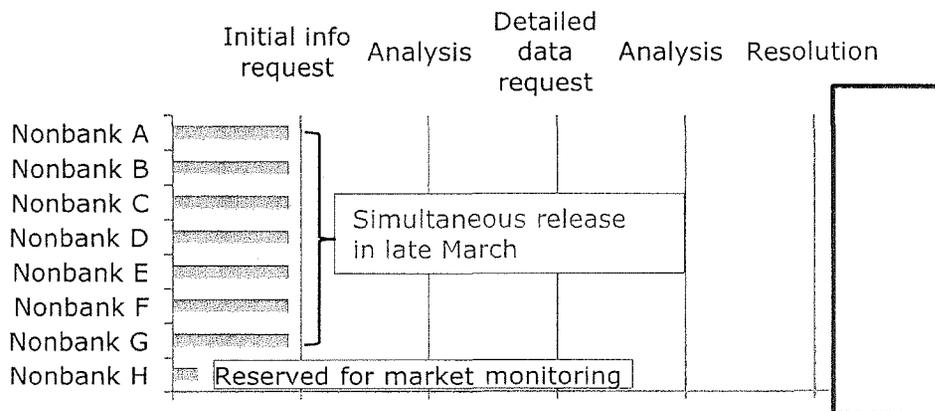
Bank exams



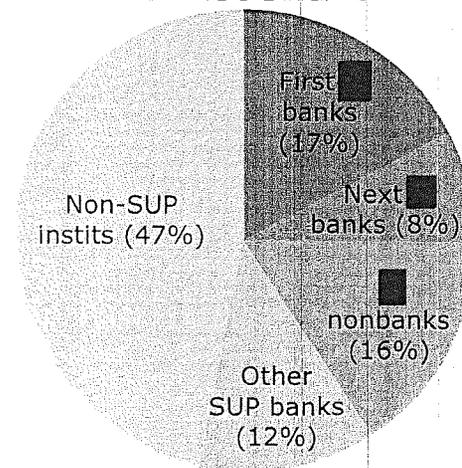
Top-Line Updates

- **Bank:** Consistent disparities in pricing on the basis of race and national origin
- **Nonbank:** Collaborating with DOJ
- **Outreach:** Potential industry-wide agreement
- **All:** Coordinated actions in late March (in red)

Nonbank investigations



Market share



Outreach

- Jan 8: ABA consumer finance conference
- Feb 7: AFSA vehicle finance conference
- Mar 12: CBA Live conference
- Mar 21: Compliance Bulletin release (at NCRC conference)
- Apr 20: Auto finance risk summit
- Jun 5: National Auto Firm Assoc. conference



Consumer Financial Protection Bureau

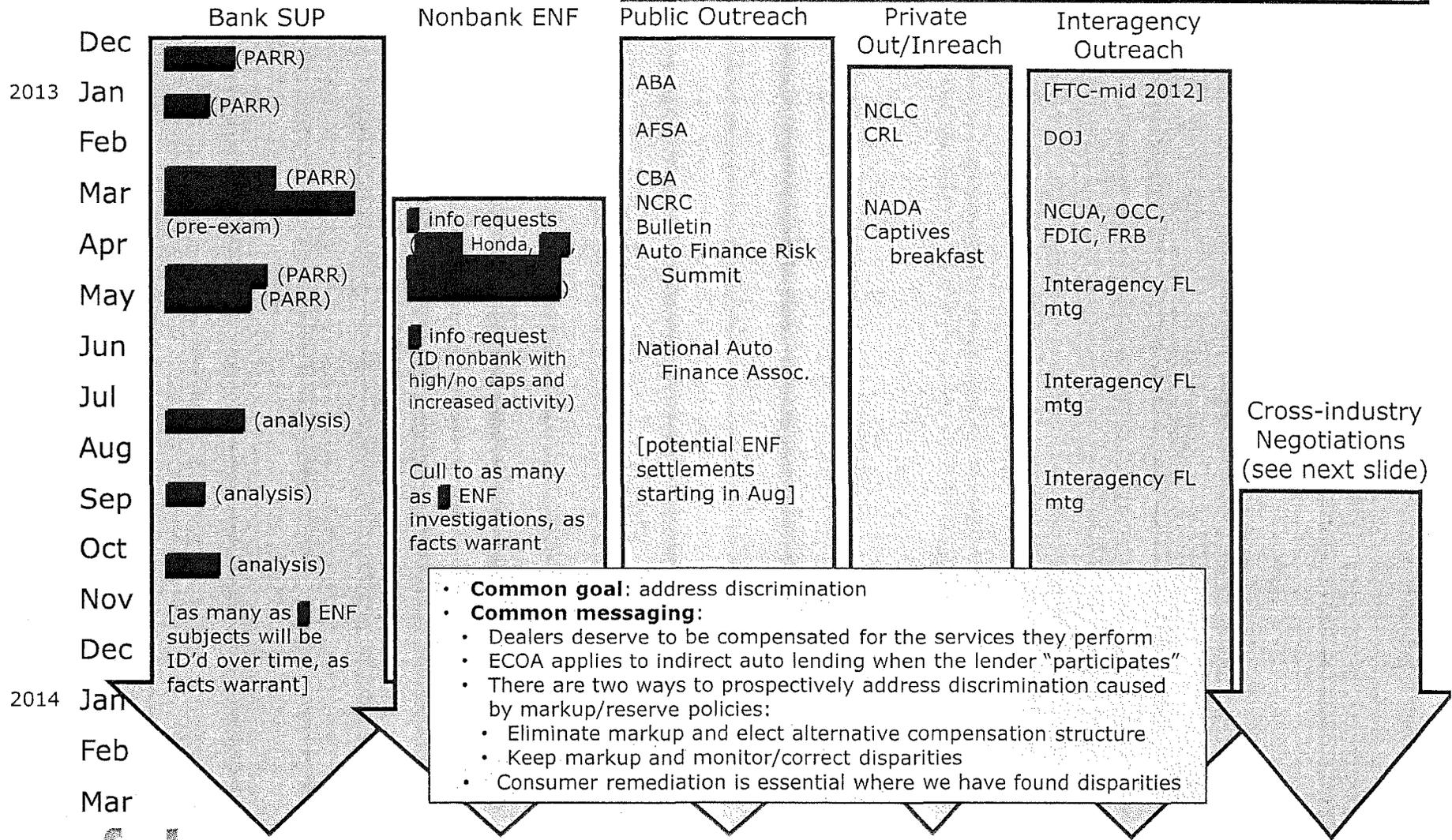
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Auto Finance Discrimination Initiative

2 Tracks: Individual and Global

Individual Actions

Global Actions



Global Action on Dealer Markup

Desired state: a multiparty solution to the problem of discrimination caused by dealer markup/reserve policies that ultimately is adopted as an industry standard.

Challenges/Questions:

- | | | |
|---|---|--|
| Market strategy
(ILLM, OR) | { | 1. How do lenders compete for auto finance market share? <ul style="list-style-type: none">• How do dealers shop for financing sources?• What is the critical mass of signatories (tipping point)? |
| Legal authority
(ENF, FL, LD) | { | 2. What incentives will bring additional lenders to the table?
3. What types of vehicles are available, what factual predicate is required, and what risk can we show for entities from which we have no data? <ul style="list-style-type: none">• <u>Risk</u> of a violation may suffice in a consent order under §1053(a) or an MOU |
| Nature of the settlement
(ENF, FL, ILLM) | { | 4. What is the nature of relief sought? <ul style="list-style-type: none">• Markup/reserve policies: Eliminate markup OR retain markup and implement monitoring/corrections• Consumer relief: victim remediation (proxying issues); prospective, targeted assistance programs; Know Before You Owe support |
| Timing issues
(ENF, FL, ILLM) | { | 5. How to handle early resolutions (first movers risk loss of market share; what consumer relief should be required; might use time-limited supervisory monitoring)?
6. How to handle "inreach" by industry before cross-industry negotiations begin?
7. Timing of the cross-industry negotiations? |
| Stakeholders
(ENF, FL) | { | 8. How to involve DOJ? Prudentials? FTC? States?
9. Engagement with CRL and NCLC? |
| Research
(OR, FL) | { | 10. When and how will we publish our proxy methodology? How will this influence lender incentives? |