

# Consumer Finance Monitor (Season 5, Episode 49): Using Financial Technology to Improve Consumers' Financial Health, a Conversation with Special Guest Leigh Phillips, President and CEO of SaverLife and Chair of the CFPB's Consumer Advisory Board (CAB)

Speakers: Alan Kaplinsky and Leigh Phillips

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 podcast show brought to you by the Consumer Financial Services Group at the Ballard Spahr Law Firm.

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 more information about the topics that we'll be covering today or any other topics in the area of consumer finance, don't forget about our blog, [consumerfinancemonitor.com](http://consumerfinancemonitor.com). Same name as our podcast show. We've been hosting that blog since 2011. We stood it up when the CFPB became operational that year. 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](http://ballardspahr.com).

If you like our podcast, please let us know about it. Leave us a review on Apple Podcasts, Google, or whatever platform you use to access your podcasts. Also, please let us know if you have any ideas for other topics that we ought to be covering or any speakers that we should be considering as guests on our show.

So let's turn to today's program, and it's one that I'm very, very excited about. Today, I am joined by Leigh Phillips. And Leigh is with a company called SaverLife, in which we're going to learn a lot more about what SaverLife does in a few minutes. And we're going to be discussing what I would call, and I think what Leigh would call financial technology and FinTech for good. Or put differently, we're going to be talking about the intersection of financial regulation and inclusion.

And let me tell you a little bit more about Leigh before we begin our discussion. Leigh is the president and CEO of SaverLife. It's a national nonprofit FinTech and an advocacy organization committed to building the financial health of Americans with low incomes.

Leigh was the founding director of the San Francisco Office of Financial Empowerment launching groundbreaking initiatives to increase financial inclusion such as Bank on San Francisco and Kindergarten to College. Leigh's also among her role as CEO of SaverLife, she is the current chair of the Consumer Advisory Board for the Consumer Financial Protection Bureau, or as we affectionately call it, the CFPB. And she serves on the board of directors of the Cities for Financial Empowerment Fund and Moneythink.

So, Leigh it is really a pleasure to have you as our guest on the show today.

Leigh Phillips:

Well, thank you so much, Alan. Thanks for having me. I'm really happy to be here.

Alan Kaplinsky:

Okay, let's dig into this topic. And the first thing I'd like to know, and I'm sure our audience would like to know, is what does SaverLife do and who's your primary audience?

Leigh Phillips:

So as you mentioned in your intro, Alan, SaverLife is a national non-profit organization that's committed to building the financial health of Americans with low to moderate incomes, and we do that with financial technology. So our big north star is helping people to save money. So what we know and have proven is that your ability to save is a pretty good barometer of your overall financial health, but it's also a really critical part to creating financial stability.

So we focus on using technology to help make saving money rewarding, engaging, and fun, and to help our members with their overall financial health through engaging content, referrals to other products and services. So really we're about leveraging financial technology in ways that can help a consumer group who's largely ignored by the mainstream financial sector, which are Americans with low to moderate incomes.

We've been doing this for 20 years, though we pivoted towards tech about seven, eight years ago because we knew that the size of the problem was so significant. Depending on who you ask, anywhere from half to two thirds of American households live paycheck to paycheck and don't have much money left over to build wealth. And that's really the issue that we're focused on at SaverLife.

Alan Kaplinsky:

I take it you're filling a need that isn't being served by the for-profit companies, many FinTechs that operate. Am I right?

Leigh Phillips:

Yeah, exactly. So the group that we focus on, the communities we focus on are typically households earning between 25,000 and \$50,000 a year, mostly hourly wage workers who tend to experience a lot of volatility in their income and expenses. And our members at SaverLife, we have almost 600,000 members, are mostly women and mothers.

So they're people who are very committed to building financial health, but face a lot of barriers in doing so. And that's a combination of systemic issues that are still prevalent in the financial system and also just not that many great solutions, financial products and services that are designed to help people who do experience challenges with income volatility and with high costs of living.

Alan Kaplinsky:

And Leigh, I take it, the people who participate in SaverLife, they don't have to pay any fees to join. Am I right?

Leigh Phillips:

Yes, you are right. SaverLife is completely free. We are a 501(c)(3) nonprofit. So our whole reason for existing is to deliver on our mission, and our mission is to help increase the financial health and stability of families. And we do that by leveraging philanthropy and other ways of supporting ourselves as a nonprofit that mean that we can deliver high impact services at no cost to our members.

Alan Kaplinsky:

So actually, you're supported at least in part by the financial institution industry.

Leigh Phillips:

Yeah, that's right. We have a lot of really great relationships with some of the biggest financial institutions in the country. So a lot of support from companies like JPMorgan, Wells Fargo, MetLife, and many others who contribute to SaverLife. And they do that because they believe in our mission. They believe in our ability to scale and to reach large numbers of people who are

struggling financially. And they believe in our ability to generate insights that can really advance the entire financial sector to do better for more people in this country.

Alan Kaplinsky:

Right. So I'd like to talk about the issue of people's different financial needs and how they're being excluded from the existing financial system. Why is it important that financial health be addressed on the individual and also the systemic level?

Leigh Phillips:

Well, it's vital not just to individual households, but I would argue to this country and to our economy as a whole. So if you imagine or think about your own financial situation, I know for myself and my husband, we both have salaried income jobs. So we get paid the same amount of money every two weeks. For a lot of people in this country, that's just not true. And so for SaverLife members, what we see are these really high rates of what's known as income volatility.

So if you're working hourly wage jobs, maybe you're working more than one job, maybe you're in the gig economy, maybe you're self-employed, your income is going to go up and down week over week, month over month. What that looks like for our membership at SaverLife, who on average are making about \$30,000 a year, is dips and spikes of income of around 500 to a \$1,000 a month, month over month.

So that makes it really hard for people to stay on track of some of the basic things that we know build financial stability. So your ability to set money aside into emergency savings, stay on track towards long term goals like retirement savings or saving for your kids' education, to stay out of high cost debt.

So it's really important that we think about people's financial lives and try and produce the types of products and services that help them do better financially. And I would say that's really what we should all be looking at in the financial sector is, are the things that we're putting out into the world, the products and services we're offering, helping people do better financially or not?

Alan Kaplinsky:

Does anybody who applies, who meets that income threshold that you talked about, they're able to automatically register online? And you have a website, it's [saverlife.org](http://saverlife.org) I believe it is. And what about people that are below that income? I mean, are there some people that apply where you believe their income is so little, so sporadic that they really need to be on welfare and you really can't help them? Does that happen?

Leigh Phillips:

Well SaverLife, first off, anyone can join SaverLife. You just need to live in the US and have an email address. And if you want to participate, I can tell you a bit about how SaverLife works. So you sign up, you join SaverLife, you put in your email address if you want to participate in our savings challenges. So we use prize-linked savings, gamification, in some cases matching, savings matches to encourage people to keep savings top of mind.

So you link your bank account, your savings account to SaverLife, we can then view your transactions and we can say, "Okay, Alan's been saving every week, he's eligible for these prizes." We launch different challenges throughout the year to encourage savings during tax time, to encourage savings on a regular basis. We do different campaigns targeting different groups of people. We just did a big campaign, for example, on micro entrepreneurs.

So you can engage with SaverLife to win prizes, participate in challenges and rewards, and our product's actually proven to more than double people's savings rates in the six months after they join.

But to get back to your question about who does this really work for, it's open to anyone. And we do believe and have proven that people, even with very limited incomes, can save money and often do save money. People are pretty remarkable in that way.

But we also focus a lot on providing useful and helpful timely content that's relevant to people's financial lives, to helping people connect to tax benefits, for example, that they might be eligible for, helping people find resources in the community that might help them. So really, there is something for everyone at SaverLife and we welcome anyone to join us.

Alan Kaplinsky:

Now, you're not a bank, I mean you're a nonprofit, non-banking institution. People want to save, and I take it you try to work out some kind of a savings program with them, but I take it you have to partner with banks where people can actually put their savings into an FDIC insured institution. Is that how that works?

Leigh Phillips:

Well, this is really relevant to our conversation today, Alan, and a lot of the conversation that we're having in the financial sector right now around the use of consumer data and how people can connect their bank accounts to financial technology. So SaverLife leverages personal financial data. So when you join SaverLife, you give us permission to look at your existing bank account.

We do this for a couple of reasons. First off, we want to meet people where they're at. So if you already have a bank or credit union that you work with, like most Americans now do. I think the unbanked rate now is around 5%, the FDIC just put out new data on that. It's the lowest it's been.

It is lower for savings accounts, but in general, the vast majority of Americans do have a relationship with a mainstream bank or credit union, and we want to encourage that relationship. So we really believe in partnerships with the financial sector and ways that we can better serve clients together.

So when you join SaverLife, you sign up, you connect your existing bank account at your bank or credit union, and then that allows us to read your transactions and see whether or not you're making gains in savings and do the rewards accordingly.

Banks have partnerships with specific banks. Basically, we can connect using data aggregation technology to thousands of financial institutions across the country. And that's been a real game changer for us in the nonprofit sector because prior to this, before I came to SaverLife, I've launched a lot of programs encouraging people to save and whatnot, and you had to really carve out these quite complicated partnerships with institutions and then get everyone to try and change their banking relationship or go to these institutions. That was just a lot of friction, a lot of barriers.

So now the type of technology, the FinTech that's available today, you can bring your bank account whether or not you bank at a big bank like Chase or Wells or B of A, a credit union or a neobank like Chime, you can come to SaverLife and you can join and participate in the way that works for you.

Alan Kaplinsky:

So you mentioned you're a type of data aggregator in that part of the deal is if you sign up, the customer has to give you the right to access their deposit account. In order to get the bank that they're using to agree to that, I mean, do you screen scrape to get that information or is there a different way to do it? Maybe not everybody in our audience is familiar with this topic. Unless you know a little bit about the technology involved, it might be confusing. Maybe you could explain that.

Leigh Phillips:

Yeah, absolutely, and it can be a bit confusing. So we are not an aggregator, we are a user of data. So we work with an aggregator. In our case we work with Plaid, and they're the ones who provide that kind of exchange of information between the financial institutions and SaverLife.

So again, for a relatively small nonprofit like SaverLife, though we think we're pretty big in the nonprofit world, that allows us to really do things with technology that would never have been available to us before. So Plaid in our case is the data aggregator. They're the ones that connect to all the banks and credit unions, and we connect through them.

Alan Kaplinsky:

I see. Okay. So the CFPB, maybe this is a good segue into your other role just for a minute. They just came out with an outline for their SBREFA panel. That is whenever they promulgate a new regulation, they have to convene a panel of small businesses and they typically provide an outline of what they're thinking about in the way a regulation, and they have to determine what the impact of that regulation is going to be on a small business. They're required to do that by the Dodd-Frank Act.

I know it's a very detailed outline. I think it was something that we blogged about it, something like 80 pages, and even the summary was about 22 pages. But I'm wondering if you could, in as simple a manner as possible, describe what the CFPB is trying to accomplish here and whether you think they're on the right track in terms of the direction in which they're thinking of going.

Leigh Phillips:

Yeah, and this is a very timely question. So I am, as you mentioned in your intro, the current chair of the CFPB Consumer Advisory Board. I've been in that role now for a year, will wrap that up by the end of this year when the new chair will be appointed.

We just met this week and regulation, it's Section 1033, as it's affectionately known as, of Dodd-Frank actually outlined ... And I'm not a super expert on this. I can tell you what I know and what I've learned. It comes down to who owns the data. Does your financial data belong to you? Does it belong to your financial institution?

And what seems to be, or what has been established is that consumers should have access to their data and they should be able to use that data to manage their financial lives. And I think that that's definitely what we agree with.

And so at play here are those three groups that we were mentioning. One is the people who provide the data. So those are typically banks, credit unions, mortgage companies, et cetera, the people who generate that financial data. Then there's the people who furnish that data, the aggregators we mentioned. So the middlemen in some ways, the technology companies that provide access to organizations like SaverLife. So we would be, in this scenario, a data user.

So the CFPB is in the process of writing the rules around how that data should flow within the financial sector and really looking at doing so in a way that encourages competition, encourages transparency, encourages financial health and hopefully emerges better products and services that consumers can use.

But also trying to balance that with security, safety and transparency, both for the financial institutions but also for consumers, so that consumers know how their data is being used if they choose to provide that data to an organization, say for example, like SaverLife.

Alan Kaplinsky:

This is I guess one of the few areas where, when the CFPB is regulating that I think there is actually potential for collaboration. At one time, I used to think the banks, they really did not like so-called screen scraping, and they still don't like it.

But that technology seems to be more in the rear view mirror these days and there are different technologies that have taken over that I think the banks, at least the larger banks have accepted the idea. They're not as worried as I think they were at one time that they were going to lose a lot of their market if screen scraping became the predominant technology.

So it seems like everybody wants the CFPB to establish what the rules of the game are here. I guess I wish they had done it a long time ago. They had authority to do it back in 2011 when they became operational. And here we are 10, 11 years later and we're really just still at the beginning of the process. I think CFPB said they don't expect anything to be final until 2024.

But notwithstanding that, it's not as if everybody's standing still, right? I mean people, companies are moving ahead. You're moving ahead. And finally when the CFPB finalizes the regulations, people are going to have to figure out how to come into compliance with it. Is that pretty much right?

Leigh Phillips:

Yeah. I think that there's a lot of considerations here, and it gets a bit complicated, but I completely agree with you, Alan, that we do need some rules of the road. So in preparation for our CFPB meeting, I got some information from our research team at SaverLife, and this kind of blew me away.

So as I mentioned, when you join SaverLife, you connect your existing bank account, savings account to our platform. 80% of the people who have joined SaverLife have connected through one of just 30 financial institutions. So 80% of our members are doing business with 30 financial institutions.

The other 20%, Alan, are doing business with 3,600 financial institutions, and that's a pretty remarkable statistic. And so we have this real consolidation of people who are doing business with the big banks, but then for that 20%, it's 3,600 different financial institutions. That's huge.

And in some ways that's obviously just the market. Most people are doing business with some of the bigger players, but also it's a limitation of where that data aggregation technology is today, because as you mentioned, I think a lot of the bigger players have realized that this is what consumers want.

Consumers want to be able to connect, they want to be able to see their full financial picture, they want to be able to join things like SaverLife. They want to be able to split the check at dinner with all of their friends on their mobile phones. These are the types of things that consumers now are expecting to be able to do, and you have to allow people, I think to participate in those ways and keep pace with where tech is going.

But for those people who bank at the smaller institutions, there's more of a struggle there for the tech to really keep pace with what's going on. And so, one of my fears and one of the things I'm hoping and I think we'll see addressed in 1033 and how the rule is written is what are we going to do for all of the smaller credit unions, community banks, community development financial institutions, and others who don't necessarily have the budget to invest in this type of technology, maybe reliant on third party bank processors to run their tech?

And really make sure that this gets written in a way that does encourage more competition and doesn't just further consolidate consumers into, if you want to use cool new tech, you have to bank with one of the big guys.

Alan Kaplinsky:

Yeah, no, I see it. I know, because I guess that's hopefully one of the things that this SBREFA panel is going to deal with. And there is some cost involved and maybe a prohibitive cost for smaller banks, particularly if they don't have a lot of customers that fit into the low and moderate income category so that it makes it worthwhile for them to invest in the technology.

Let me ask, we've talked a lot about bank accounts that people have, but what about, I mean, there's the other side of the consumer's balance sheet and that is all their debt. They might have payday loans, they could have installment loans, they could have a mortgage. How do you deal with that side? Do you also request information or permission to access the credit accounts that they have or where they're in debt?

Leigh Phillips:

We don't request permission to access that information directly, but we do engage with our consumers in a more holistic way to understand their full financial picture. Because you're exactly right, one of the biggest barriers we've found, and this is probably pretty obvious, to building your savings and being financially healthy is high levels of unsecured consumer debt. So mostly credit card debt.

When we asked our members ... In addition to the transactional data that we get through the platform when people link their accounts, we do a lot of engagement directly with our membership. So we leverage the financial health networks, financial health score methodology. When people join SaverLife, they take their assessment to determine where they are. And we use that as a way to benchmark how we're doing as an organization to help people increase their financial stability.

We also have a panel of members, several thousand members who've agreed to participate in surveys and research. And we use that to keep a pulse on what's happening with people. So when you talk to our members, when we talk to our members and survey our members about their biggest financial struggles there's four or five things that really come to light.

So the first one is the obvious one, the vast majority struggle not just with insufficient income, but inconsistent income. So if you're getting different hours at your job every week, you're not really sure week to week how much money's coming in.

It also relates to things like people not having paid sick leave. So if you're sick, your kid's sick, look at what's just been happening in the pandemic, I know my kid's daycare has been closed multiple times, if you work an hourly wage job, you're not getting paid if you had to take time off to cover those types of things.

So income insufficiency and income inconsistency are really big issues for our clients. The second one is just high cost of living, and we're seeing, obviously right now we're in this period of high inflation, so people having to spend more on utilities, spend more on food, those types of things.

And both of those issues are exacerbated when people don't have an emergency fund, they don't have savings to fall back on. So if there is a dip in income or an increase in expenses, then the only thing to do is to go into debt, and that hole can just get deeper and deeper and deeper. So unsecured debt is the third one that our members say is a big issue for them.

And then the fourth is lack of access to financial products and services that are designed to help them in their lives. And I think that's really where organizations like SaverLife come in and where the access to this type of data and information is so interesting and useful because we can look at things and say, "Hey, it looks like you have a little extra money. Would you like to move some into savings?"

Or we can design things around when we know people are going to get their tax refunds. We can really look at these moments where income or wealth building opportunities may be accelerated, or the opposite, look at ways in which people may be struggling.

Alan Kaplinsky:

Is all your communication with your members by computer, or do you actually have individual counseling sessions with them either in person or over the phone?

Leigh Phillips:

We do everything digitally at SaverLife. So we do and have partnered with some great organizations that provide financial counseling services if that's something our clients want. But what we've found for SaverLife members is that people are really busy. They have multiple jobs, they have multiple kids, they're balancing a lot as many of us are in our lives, but for our members, it's a lot more. You really don't have a lot of time.

And so what we found is instead of asking people to go through some kind of curriculum or education, which we haven't found to be super effective, we're really looking at just in time relevant content. So you can get content delivered to you from SaverLife, you can go online, you can ask an expert a question and get an answer. All of the content on SaverLife is provided by people who are trained and certified to give financial advice.

So we have a group of terrific coaches that we work with. Some of them have expertise in taxes, some of them have expertise in financial coaching or counseling. And those are the people who write our articles, write our content. And some of it is surprising, the things that people are interested in. Some of it's basic stuff like budgeting and whatnot, but a lot of it is really timely, like I just got IRS letter number blank, I don't know what it means. And so for us to be able to provide those services to our clients and help people navigate their financial lives and connect to things that can really help them both on the income and expense side is a big part of what we do.

Alan Kaplinsky:

So the communication would be by computer. Do you have a chat function? Do you ever connect by Zoom to somebody to have a conversation?

Leigh Phillips:

Not one on one. We have a community and we have community forums at saverlife.org. So you can ask an expert a question, you can comment on posts from other SaverLife members. So we do have forums where people can engage with SaverLife and with each other.

We have a pretty active Facebook group as well and Instagram. So we leverage social media to allow people to have that engagement and interaction with SaverLife. Sometimes we'll do Facebook Live or those types of things.

Alan Kaplinsky:

Let's turn to another topic that I think your company deals with, and it's certainly something that the CFPB is very focused on and the product is earned wage access. Let me try to describe to our audience basically what it involves.

I mean, most people, if they do have a regular job, they get paid every two weeks and they get paid in arrears. After they do two weeks of work, they get a check. Well, it may not be a check, they may get their salary in some other electronic fashion.

And the FinTech industry has developed a technology that enables consumers essentially to get paid every day, to get a day's pay for a day's work, however, there is a price associated with that. There are fees that get charged. Sometimes the fees get charged to the employers, sometimes they get charged to the consumer and it actually comes out of their paycheck.

I'm wondering, how does your company intersect with what we'll call the earned wage access industry? How does that fit in?

Leigh Phillips:

I'll answer that in a bit of a ... take a big picture view. So at SaverLife as a non-profit and consumer advocacy group in the FinTech sector, we are really interested in how financial technology can be used for good. So I think there are a lot of ways in which FinTech can help people in ways that have not been offered by bigger players. And I think we've seen a lot of innovation there, and I think that's awesome and that we really need to retain that focus.

But I think there's not enough of a call it source of truth about whether or not some of these new products and services, so earned wage access is one. Another one we're interested to find out more about is buy now, pay later. So people breaking down consumer purchases into installments.

So I think the short answer to the question's, we don't directly engage with earned wage access. We don't actually directly engage with any lending product. It's something that we've decided to stay away from. But to your point-

Alan Kaplinsky:

You discourage your members not to do that, you're saying?

Leigh Phillips:

We have not taken a position on that. So what I will say is I don't know the answer, and if I don't know the answer as a professional, full-time consumer advocate, that's a bit of a problem. So at SaverLife, we're about to embark actually on some new research to look at the financial health impacts of these types of products because I do not think enough is known right now about whether or not they contribute or detract from people's overall consumer financial health.

So I'll share with you, at the CFPB meeting we had this week, I had the opportunity to give some opening comments, and it may sound like an oversimplification, but really the lens that we take on this is, is this helping people? Are people financially healthier as a result of these new entrants and new products and services, or are they not?

And I'm not seeing a lot of good information out there right now except for what sometimes comes from those companies themselves who offer these. But what we are seeing with earned wage access is some of this stuff becoming more and more mainstream.

So it used to be more of a FinTech product or an app that you could have or whatever. Now we're seeing it being offered by payroll companies, big payroll companies, by major, bigger financial institutions. And what that says to me is that consumers



have a need or an appetite for this type of product. And this idea that everyone's financial lives should operate in two week chunks, like mine does, isn't really relevant for everyone.

I will also say that to guard against being overly paternalistic. So some of the arguments against these types of products are, well, people are just going to get themselves in trouble. They're just going to spend all their money too fast.

We have proven, and we know that people are, particularly people who live with low incomes, very good at managing their money. They have to be. And so I think that we need to be respectful of people knowing what their needs are in that way. But at the same time, as you mentioned, not all these products are free. Do they trap people in a debt cycle? Do they trigger overdraft?

There are some of these other questions that I really want to get at the heart of, and I think SaverLife because of our relationship with our members, because our members are typically the target market for a lot of these products, we think we have a really great opportunity to do some ongoing research here that will allow us to track over time, are people who use products like buy now, pay later or earned wage access or what have you, better off financially than people that don't or what? I just don't know the answer. And like I say, as a full-time professional consumer advocate, I feel like I should have more information about this.

Alan Kaplinsky:

Is the CFPB trying to figure out the answers to the questions about whether consumers are better off or worse off with earned wage access and buy now, pay later? Are they doing some work in that area?

Leigh Phillips:

We've definitely had conversations and seen presentations. One of the topics of this week's meeting was actually about buy now, pay later. CFPB just put out a report on this topic. I know it's something. It's a regulatory gray area, so people are concerned about it.

So I would say that technology is the driving force right now in the US financial sector. And there's good things about that, a lot of good things about that. Our non-profit wouldn't be able to do what we do if it wasn't for financial technology, but there are also a lot of risks.

So how we balance what's good about using tech to drive greater inclusion, and also how we hold companies accountable to that promise. So if you're saying my new FinTech product, whatever it may be, is designed to help people with low to moderate incomes to do better financially, we're going to have to ask for some evidence that that's true.

Alan Kaplinsky:

Right, right, right. So getting back to your tenure as chair of the Consumer Advisory Board of the CFPB, what are the ... In addition, we know they're very focused on buy now, pay later, earned wage access. What I'm referring to is open banking. Really, it just means individuals being able to share data about their accounts, being able to get that data from the companies that they deal with, and then to designate third parties to determine whether they ought to shift their account from one institution or another or pay off a loan or what have you. What else have you learned while being in that, your position at the CFPB? Are there other things that they're working on that affect your members that are of concern?

Leigh Phillips:

Absolutely. So I'll say, as I wrap up my tenure on the CAB, it's been a really terrific experience. And the Consumer Advisory Board is designed to bring people from different parts of the financial sector together in dialogue and to give feedback and guidance to the CFPB on some of these issues.

And so the big thing, a big takeaway is that when you do bring people together ... So on the CAB, there's representatives from consumer advocacy groups, from industry, from FinTech, from non-profits like SaverLife, people with expertise in regulatory policy, other non-profits like financial counseling organizations.

There's this really diverse set of actors and it's been really wonderful to have those people, those voices, be able to share their different experiences with one another and their different perspectives and to learn from and understand each other. So I think this type of cross-sector dialogue really is important, particularly when we're looking to deal with some of these issues that are changing very rapidly.

So I would say over my two years on the CAB, the last 12 months as chair, really this intersection of technology, data and regulation has really been the driving force of a lot of the conversations. So we've already talked about 1033, we talked about BNPL, peer-to-peer payments was on the agenda this time.

Alan Kaplinsky:

Do you anticipate that the CFPB is going to come out with something dealing with peer-to-peer payments? I know this is a very contentious area where the banks don't want to be tagged with liability for certain peer-to-peer payments that are a result of a consumer getting scammed. And at least when this story broke several months ago, there was a feeling that the CFPB would weigh in, but so far nothing has happened. What's your sense there?

Leigh Phillips:

I couldn't say definitively. I will just say based on the conversation we had in the public meeting this week, that it's similar, consumers like these products, I know it makes my life way easier to be able to pay the babysitter or whoever, but I also know as a consumer, I have sent money to the wrong person on accident and have no recourse to get that money back. So I think that, again, you're looking at the mixture here of the great advantages of that and the great conveniences of that kind of thing, but what the potential risks are.

But overall I think that we are in a very fast changing environment where new products and services are coming up all the time. Some of them are being absorbed into the mainstream financial system, others not so much.

So I think that that's been the general theme is really how can the CFPB not stifle innovation, particularly innovation that drives competition and it's better for consumers, but also make sure that consumers are protected. So I think that those are some of the tensions.

And my parting remarks for me as an advocate was really focused on that over simplistic question of are these products and services better for the financial health of Americans or not? And if we can look at it from that lens, then we all have then, I think, an accountability framework to be able to say, "Is this net positive?" And if the answer is yes, then that's one thing, and if it's not, then I think we need to look at that more closely.

Alan Kaplinsky:

Does your organization actually submit formal comment letters, different rule makings that the CFPB is engaged in?

Leigh Phillips:

Yeah, and not just the CFPB. Yes on numerous topics, if we think it's something that is important to our membership. So we do a lot of work on policy and systemic change, Alan, because really we're working on two fronts here.

So the first is how can we at SaverLife help individual people today to improve their financial lives, while at the same time understanding that people don't have the opportunity to make the best choices because of the system in which they're forced to operate.

Wealthier, higher income people have many more choices in the financial system than lower income people. And that's true if you're talking about banking, if you're talking about credit, if you're talking about savings, if you're talking about retirement security. And so really we're looking at both of these sides.

And so what drives our policy and systemic change work is really what we hear from our members about these are the biggest barriers that are holding me back. And that's really where we try and position this from, and we try and engage our members as much as we can to form the opinions that we have and the positions that we take.

Alan Kaplinsky:

Right, right. So Leigh, I guess you could say one of the biggest developments to occur in the last three or four weeks is a determination that was made by the Fifth Circuit Court of Appeals that the CFPB was unconstitutionally funded, that they should have been subject to congressional appropriations like the Federal Trade Commission and a number of other agencies. Was that a topic on your agenda at all, or was that just the big elephant in the room?

Leigh Phillips:

We did not address that topic directly, but I will say that I think that the CFPB is a tremendous value to consumers in this country. And we will absolutely be supporting their work as much as we can going forward.

Alan Kaplinsky:

And surprisingly, or maybe it's not a surprise to you, I think the banking industry is largely on the same side as the consumer advocates. No way do the banks, particularly the mortgage industry, want the CFPB to disappear. That would be terrible because the industry has relied on a whole bunch of regulations that the CFPB has issued during the past 11 years. And if all of a sudden all those regulations are held to be invalid, there would be absolute chaos. You can't really roll back the clock 11 years and try to figure out how to comply. I mean, it would make absolutely no sense.

So while I think the industry would love to have a ... At least some of the industry prefer having a five member board of directors rather than a sole director and would like them to be subject to appropriations by the Congress. I don't think anybody really wants ... And they'd like that to be prospective only. Nobody really wants it to retroactively apply to wipe out everything that they've done.

So I think everybody's on the same page. And I think while it's creating this big cloud right now of uncertainty, it'll get cleared up. It's not the first time that the CFPB has had to deal with what I'd call an existential type of problem. So at least I for one, feel pretty comfortable with that.

We're getting really near the end of the program, Leigh, and we've covered a lot of territory, but I want to make sure I haven't overlooked anything important that we should comment on dealing with this area of financial technology and FinTech for good. Anything more that you'd like to say?

Leigh Phillips:

Well, thank you and thanks so much for paying attention to this topic. I think I would wrap up by saying financial technology presents a real opportunity for us to provide better products and services that work for more people in America. It offers an incredible opportunity to design for the realities of people's lives, to help people achieve their personal goals, to provide flexibility. But that's only going to happen if we work with that end goal of financial inclusion in mind.

So we have to keep focused on the idea that we need and deserve a financial system that works equally well for all people and we have to build products and services towards that end goal. And we have to hold bad actors accountable if they are not helping us achieve that goal.

And we also have to make sure that there are a diversity of voices of people who are involved in designing this system, because if it just gets designed once again by the same types of folks, then you're just going to have maybe a faster, cheaper version of the status quo, and that's not going to get us where we want to go.

We're having a big conversation in this country right now around wealth inequality, racial wealth inequality, gender wealth inequality, and we all have to be involved in solving those problems and holding ourselves accountable to making progress against them. So we have to measure our progress against these goals and really see are people in this country doing better financially and be working towards that.

So I'll just close by saying that I'd like see more nonprofits involved in FinTech. It's not an easy thing to do necessarily in a resource constrained environment, but it is possible. We hope that we are leading the way and demonstrating that at SaverLife and we'll continue to do everything we can to advocate on behalf of our membership.

Alan Kaplinsky:

Well Leigh, I really want to thank you for taking the time today to really enlighten not only me, but to enlighten our audience on the good that SaverLife is doing. I for one must admit until I got introduced to you, I didn't really know much about what your function is, and I think it's terrific.

I wish, I guess there were more SaverLifes out there helping the huge segment of our population that is underbanked or unbanked and really needs the help that you can provide. So thank you again for being on our program and want to thank all of our listeners today.

To make sure you don't miss any future episodes of our podcast, subscribe to our show on whatever your favorite podcast platform is, Apple Podcasts, Google, Spotify. You can also subscribe on our website, [ballardspahr.com](http://ballardspahr.com). Don't forget to check out our blog, [consumerfinancemonitor.com](http://consumerfinancemonitor.com) for daily insights of the consumer finance industry.

And if you have any questions or suggestions for our show, please email them to [podcast, that's singular, podcast@ballardspahr.com](mailto:podcast@ballardspahr.com). And stay tuned each Thursday for a new episode of our show. Thank you once again for listening and have a good day.