

Year in review: Top compliance initiatives in 2019

December 10, 2019

Early this year, I gazed into my crystal ball to [predict some key regulatory and compliance issues](#) I thought we'd see in 2019. Let's see how cloudy my vision was at that time:

At the **Consumer Financial Protection Bureau**, Director **Kathy Kraninger** stayed true to her earlier statement that regulation by enforcement is pushing the envelope. Regarding the auto finance industry, we haven't seen extensive direct enforcement, but rather guidance via *Supervisory Highlights* — published in September 2019 — indicating where the bureau's examination focus is heading. Broadly, the CFPB is focused on unfair, deceptive, and abusive acts and practices related to loan origination activity, specifically abusive practices related to sale and financing of GAP products on low LTV financed vehicles that resulted in no benefit to consumers.

Not coincidentally, numerous state regulators have become increasingly focused on refunds of unearned premiums for GAP products.

Another item of significance from the CFPB was the issuance in May of proposed [Fair Debt Collection Practices Act rules](#), which garnered more than 12,000 comments through September, reflecting concerns from consumer advocates and industry. While the significant focus of proposed rules was on third-party collection agencies, the bureau identified certain practices that would be equally applicable to both creditors and collection agencies. We're still waiting to see the bureau's next steps on this topic.

I raised a question as to the "horizon issue" of federal regulation of consumer data privacy. There were a few attempts at proposing bills in both the Senate and the House, but Congress appears to have different pressing items on its agenda. However, states continue to fill the void, with some enacting new data security breach regulations and others modifying and expanding the scope of their laws.

I opined on the impact the new Democratic Congress would have on our industry. As mentioned above, Congress has other things on its plate. Despite minimal saber-rattling early in the year, there is no new enacted legislation.

Finally, my prediction of the increasing role of state regulators and an expanding number of states creating mini-CFPBs or Offices of UDAAP enforcement, proved correct. Pennsylvania, Maryland, New Jersey, New York and Virginia have made advancements on this front, with California exploring one, as well. We've seen an expanded scope of auto finance company examinations this year, both in terms of the depth of analysis and the range of alleged violations.

Stay tuned for January's column, where we'll prognosticate which of these trends will continue into 2020, and which new items may arise on the agenda for both the CFPB and state regulators in the auto finance arena.

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