CENTER FOR CAPITAL MARKETS COMPETITIVENESS

TOM QUAADMAN
EXECUTIVE VICE PRESIDENT

1615 H STREET, NW
WASHINGTON, DC 20062-2000
(202) 463-5540
tquaadman@uschamber.com

November 8, 2019

Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

Re: Request For Information Regarding Tech Sprints

To Whom It May Concern:

The U.S. Chamber of Commerce's Center for Capital Markets Competitiveness appreciates the opportunity to comment on the request for information ("RFI") issued by the Bureau of Consumer Financial Protection (the "Bureau") regarding tech sprints.[1]

We are glad the Bureau is focused on facilitating innovation in the market for consumer financial products and services, as well as in its own approach to regulation of that market. We particularly appreciate that the Bureau is looking to the experience of other regulators, including internationally, to guide its own approach, and the thoughtful manner in which it is doing so. We agree that the Bureau should pursue tech sprints as one tool for facilitating innovation. As the Bureau describes them, "[t]ech sprints gather regulators, technologists, financial institutions, and subject matter experts for several days to work together innovative solutions to clearly-identified challenges."[2] In many respects, these tech sprints follow the model that innovative companies already use to gather internal and expert teams to coordinate in a "sprint" or "hackathon" to solve identified problems. By drawing upon this model and adding the elements of broad participation across industry and community stakeholders, as well as regulatory involvement, the Bureau is positioned to draw substantial benefits from tech sprints, like other regulators who have hosted such events. In particular, the Bureau can gain access to a broad range of valuable perspectives during a focused event. As a result, tech sprints promise to allow the

---

[1] *See* Request for Information Regarding Tech Sprints, 84 Fed. Reg. 49099 (Sept. 18, 2019).
[2] RFI, 84 Fed. Reg. at 49100.

Bureau and participants to identify opportunities to modernize rules, policies, or technical tools in a short period of time.

Missteps by the Bureau, however, could impede the very innovation that benefits consumers. The Bureau consequently should take appropriate steps to ensure that tech sprints do not backfire. Tech sprints may not be productive, for example, if they do not successfully draw the participation of an appropriate group of industry experts that have a deep understanding of the technologies used in the market and the challenges and opportunities presented by those technologies. Moreover, any tech sprint should avoid imposing particular technological solutions on businesses. Rather, the Bureau should always leave companies discretion on how to implement the learnings from tech sprints in their own technological environments. Likewise, tech sprints should not attempt to bypass or disrupt established and sound regulatory processes.

We accordingly write to emphasize three points:

- **The Bureau should encourage broad and meaningful participation in tech sprints by industry stakeholders;**
- **The Bureau should preserve technological neutrality during tech sprints;**
- **Tech sprints should complement, not displace, the Bureau's existing regulatory processes**

Discussion

I. The Bureau should encourage broad and meaningful participation in tech sprints by industry stakeholders.

We welcome the Bureau's plan to solicit broad and meaningful participation by industry stakeholders in the contemplated tech sprints. We agree that the Bureau should seek the engagement of a wide range of participants from inside and outside the regulated community. We believe that industry participants, for example, will offer both deep technical expertise as well as unique perspectives on the practical factors that will make particular technological approaches successful—or unsuccessful—in the context of actual businesses. The Bureau consequently should pursue its goal of engaging a broad range of participants, from industry and otherwise, in tech sprints.

We note, however, that requesting broad participation by itself will not be sufficient to ensure the success of any tech sprint. As with any new initiative—and particularly those that would involve engagement with a regulatory body—companies will need to evaluate whether participation will yield significant benefits, or whether their limited budgets should be invested in other activities. Uncertainty about the purpose or structure of an event will make such evaluation very challenging, deterring participation. We consequently would urge the Bureau to clearly articulate the scope and ground rules for any individual tech sprint prior to the event in order to avoid any uncertainty and allow informed decision-making by prospective participants. In doing so, we would urge the Bureau also to confirm that it intends to avoid pitfalls that would reduce willingness to participate in a tech sprint. In particular:

- *The Bureau should make clear that it will not evaluate companies based on their participation in tech sprints*. Companies will hesitate from participating in tech sprints if they believe that the Bureau intends to evaluate them based on the perspectives they offer during the event. Even if they do participate, they are unlikely to offer candid input if they think that what the Bureau hears may inform its supervisory or enforcement actions. This will deprive the Bureau of the value that it is hoping to capture through businesses' participation in tech sprints. Nor could the Bureau overcome that problem by pressuring companies to participate in a tech sprint that will be used, in part, to evaluate participants. Such an approach would only compound the error of undermining the collaborative spirit essential to an effective tech sprint.

- *The Bureau should make clear that it will not ask companies to share confidential information during a tech sprint*. Successful tech sprints will see the candid sharing of ideas across a range of stakeholders as they work together to solve defined problems. The Bureau should recognize, however, that industry participants will have limits on what information they can responsibly share with competitors, the Bureau, or other stakeholders during a tech sprint. The Bureau will dampen industry stakeholders' interest in participation if it is unclear whether companies will be asked to share such confidential information during a tech sprint.

II. The Bureau should preserve technological neutrality during tech sprints.

Innovative technologies that benefit consumers are at the heart of today's consumer financial products and services. The Bureau consequently can use tech sprints to empower innovative companies to achieve better outcomes for consumers.

The Bureau should not mistake this opportunity for an invitation to prescribe particular technological approaches—whether during or subsequent to tech sprints.

Instead, the Bureau should maintain a consistent emphasis on technological neutrality. Rather than attempt to dictate the use of particular technological tools based on a tech sprint, the Bureau should allow tech sprint participants to decide how best to leverage any lessons learned from tech sprints—understanding that any identified technological solution may not directly sync with every company within the market. The Bureau should not be surprised, for example, if a company that participates in a tech sprint concludes that a developed solution does not translate into its technological environment or product set. Further, the information gleaned from the tech sprint should not be used to drive requirements for supervised entities or influence ratings during exams or review. Nor should it measure the success of a tech sprint by the number of industry participants that directly adopt the specific solutions resulting from the activity. Rather, the Bureau should understand that companies are best positioned to incorporate lessons learned during a tech sprint in the context of their own businesses, including, to the extent appropriate, by deciding that the balance of relevant considerations weighs in favor of taking an alternative approach.

III. Tech sprints should complement, not displace, existing regulatory processes.

Tech sprints may help identify opportunities to modernize existing regulations or policies, or to refine internal Bureau rules or processes. The Bureau should not make the mistake, however, of allowing a successful tech sprint to displace existing regulatory processes. Even broad participation in a tech sprint is no substitute for providing notice and soliciting comment on a proposed policy change that may arise from a tech sprint. A solution identified during a tech sprint, for example, may have unintended or unexpected consequences that would be raised in the more thorough consideration afforded by a public comment period. Bureau views formed—or expressed—at tech sprints also should be transmitted to stakeholders more broadly through appropriate means. Regulated businesses should receive equivalent opportunities to weigh in on and understand the Bureau's policies, regardless whether they choose to participate in a tech sprint. The Bureau consequently should not allow a tech sprint—even if successful—to bypass or short-circuit existing regulatory processes.

Finally, we encourage the Bureau to refer to comments received in response to the Inherited and Adopted Regulations and Rulemaking Authorities RFIs from last year. There were many recommendations regarding specific changes the Bureau could make to prioritize financial services innovation.

* * * * *

We thank you for your consideration of these comments and would be happy to discuss these issues further.

Sincerely,

Tom Quaadman