

FINANCIAL INSTITUTION ADVISORY

Consumer Finance

Regulatory Landscape

Changes in the regulatory environment, razor-thin margins, and a shift to greater technological integration have increased the potential for risk and violations within the consumer financial arena. The recent changes in administration and regulatory bodies have set a clear agenda for the coming years. BRG professionals work with financial institutions to establish effective risk and compliance operations that proactively tackle recent trends in risk and compliance issues in the industry. We work with clients to enhance their responses and controls to provide coverage over these growing areas of compliance.

BRG Consumer Finance Expertise

Our consumer finance experts have decades of work experience with institutions of all sizes and complexity of operations, including Top 20 US banks, regional and community banks, fintechs, nonbank lenders and servicers, commercial investment groups, and governmental institutions. Our team includes former chief risk officers and chief compliance officers, CPAs, MBAs, CFAs, and banking professionals who have served as the independent consultant for numerous Consumer Financial Protection Bureau (CFPB), Office of the Comptroller of the Currency (OCC), Department of Justice (DOJ), Federal Reserve Board (FRB), and state-level enforcement actions.

We tailor solutions for our clients to mitigate risks and minimize cost as practically as possible. Our wide range of clients demonstrates our history of providing proven solutions to the most complex problems.

Our core product service offerings include deep expertise over key consumer finance regulations:



BRG's Regulatory Compliance Expertise

- ✓ Equal Credit Opportunity Act (ECOA/Reg. B)
- ✓ Home Mortgage Disclosure Act (HMDA/Reg. C)
- ✓ Electronic Fund Transfer Act (EFTA/Reg. E)
- ✓ Fair Debt Collection Practices Act (FDCPA/Reg. F)
- ✓ Fair Credit Reporting Act (FCRA/Reg. V)
- ✓ Real Estate Settlement Procedures Act (RESPA/Reg. X)
- ✓ Truth in Lending Act (TILA/Reg. Z)
- ✓ Truth in Savings Act (Reg. DD)
- ✓ Fair Housing Act (FHAAct)
- ✓ Servicemembers Civil Relief Act (SCRA)
- ✓ Gramm-Leach-Bliley Act (GLBA)
- ✓ California Consumer Privacy Act (CCPA)
- ✓ Unfair and Deceptive and Abusive Acts or Practices (UDAAP)
- ✓ Bankruptcy law
- ✓ State laws over consumer protection
- ✓ General investor/agency origination and servicing guidelines (e.g., FNMA, FHLMC, FHA, USDA, VA)



BRG's Suite of Solutions

Each product has its own unique set of risks, process efficiencies, and areas of regulatory focus. This demands a tailored solution to your organization's complexity, footprint of operations, and objectives. We incorporate our understanding of emerging shifts and developments in banking and consumer finance as we craft solutions to meet business and regulatory expectations. Our expertise in technology and operations also supports our clients in streamlining their businesses, addressing enhancement opportunities, and reducing risk.

COMMON INDUSTRY CHALLENGES	HOW BRG CAN HELP
<ul style="list-style-type: none"> - Right-sizing effective compliance programs - Keeping up with federal/state/agency requirements - Ineffective CMS program and governance - Burdensome compliance testing reviews/reporting - Regulator focus areas, examinations, MRA response - Deficient self-assessments and issue resolution 	<p>Regulatory Compliance</p> <ul style="list-style-type: none"> - Governance and compliance change management - Pre-regulator mock exams, issue management/response/remediation - Targeted compliance reviews, testing, and CFPB/regulatory readiness - Rapid buildup of compliance testing programs (in-house/co-sourced) - Data analytics, geocoding, BISG/statistical analysis (fair lending)
<ul style="list-style-type: none"> - Implementing enterprise risk management and a common language about risks across functions - Difficulty identifying risks and inventories - Performing risk assessments efficiently - Ineffective third-party oversight and due diligence - Lack of monitoring and implementation of risk metrics 	<p>Risk Management</p> <ul style="list-style-type: none"> - Implementation/enhancement of risk management frameworks - Integration with compliance management system (CMS) reviews - Risk identification, risk assessments, monitoring and reporting solutions - Third-party risk management program and best practices - Board and risk management reporting
<ul style="list-style-type: none"> - Patchwork processes prone to errors, increasing bottlenecks, and backlogs across teams - Fintech organizational growth, and buildup of BAU processes and centralized functions - Change management and adequate process control environment 	<p>Operational Excellence</p> <ul style="list-style-type: none"> - Process reengineering and continuous improvement of operations - Management reporting, early intervention, and timely incident response - Operational risk, controls testing, and enhanced RCSA methodologies - Target operating model and policies and procedures governance - Benchmarking and cost analysis
<ul style="list-style-type: none"> - Highly manual, costly, and repetitive processes - Catching up with peers in digital evolution - Lack of integration between first-line processes and second-line monitoring - Limited business insights and archaic systems/reports 	<p>Technology Enablement</p> <ul style="list-style-type: none"> - BRG DRIVE™ solution (compliance and risk management tools) - Phase-out approach to process automation, artificial intelligence, and machine learning - Integrated reporting packages, dashboards, and business intelligence - GRC implementation support - Business and technical requirements





Helping Clients Navigate Their Most Difficult Challenges

Examples of BRG's recent experience include:

COMPLIANCE TESTING – NONBANK MORTGAGE LENDER

We work with a top privately held mortgage lender to provide ongoing testing of loans for federal and state compliance. We perform targeted sampling and testing of loan documents and quarterly reporting of results. The testing categorizes tests on risk level, and any exceptions are included in an ongoing monitoring program.

ERM PROGRAM BUILDUP – CREDIT CARD FINTECH

We help develop an enterprise-wide risk taxonomy and initial risk inventory customized to the footprint, technology, and operations of a credit card fintech. This work established an Enterprise Risk committee and the execution of a firmwide risk assessment across technology security, marketing, finance and accounting, operations, product development, third-party management, and legal and compliance.

FCRA PROGRAM IMPROVEMENT – FORTUNE 500/US BANK

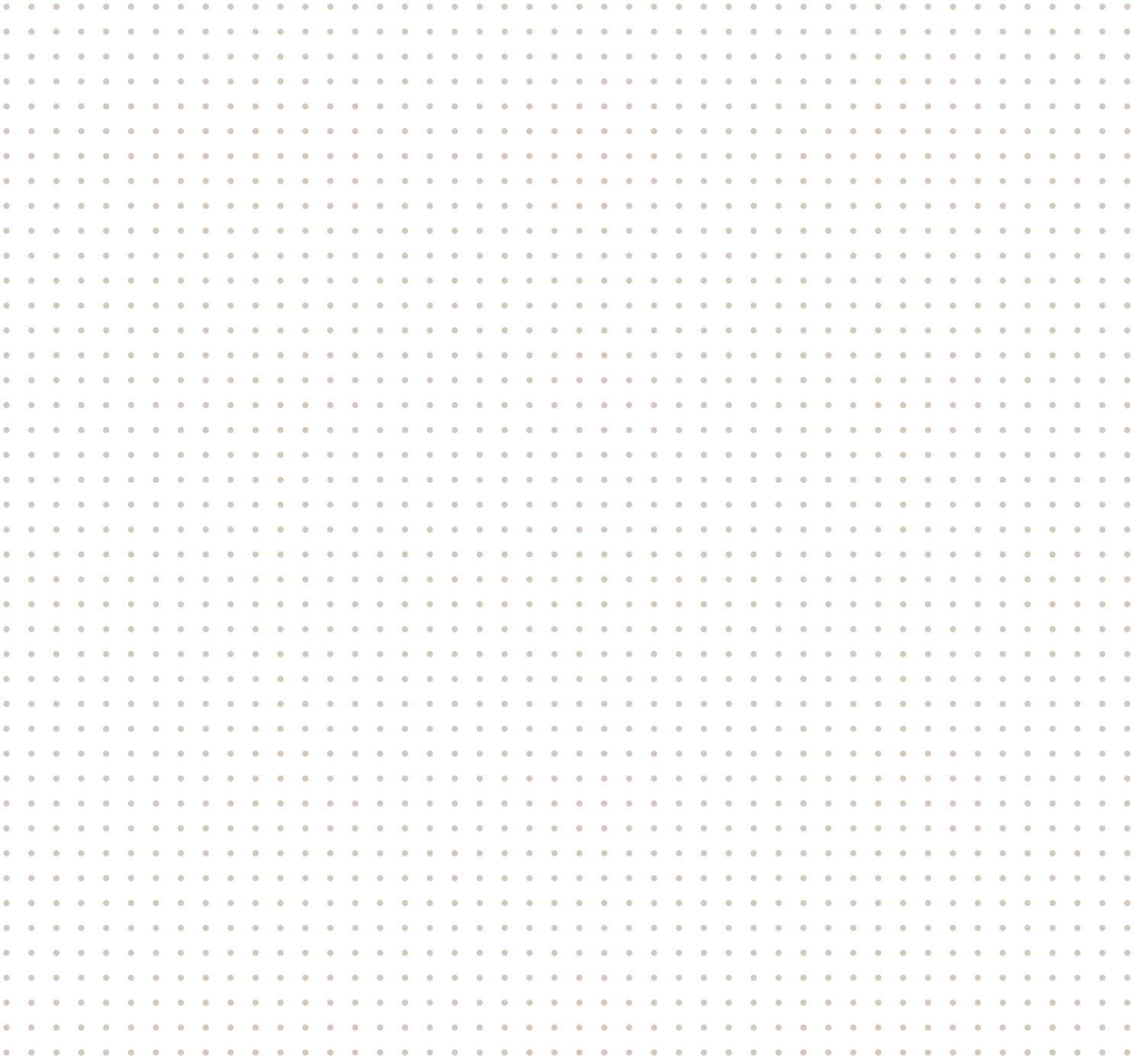
We assessed current-state credit reporting operating model and enhancement plan across FCRA governance, program plan, furnishing operations, disputes operations, quality assurance, remediation, training, and technology. We rated each area against our optimized maturity model and provided prioritized recommendations to enhance furnishing accuracy and operational efficiency/technology.

FAIR RENTAL ANALYSIS – TOP US SINGLE-FAMILY RENTAL PROVIDER

We performed an independent assessment of rental processes and practices, including rental approvals, move-in/move-out, service requests, customer complaints, collections, and evictions during the COVID-19 pandemic. This analysis also included BISG proxy methodologies to assess practices and operations geographically, particularly majority minority counties and across the rental portfolio.

The above include just an example of recent matters we have assisted our clients with, addressing issues, creating strategic plans, and proactively preventing fines or penalties due to noncompliance. Our professionals also routinely serve as an expert witness/consultant in litigation matters.





About BRG

Berkeley Research Group, LLC (BRG) is a global consulting firm that helps leading organizations advance in three key areas: disputes and investigations, corporate finance, and performance improvement and advisory. Headquartered in California with offices around the world, we are an integrated group of experts, industry leaders, academics, data scientists, and professionals working across borders and disciplines. We harness our collective expertise to deliver the inspired insights and practical strategies our clients need to stay ahead of what's next.

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