



UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

Bureau of Consumer Protection  
Office of Policy Planning  
Bureau of Economics

November 2, 2012

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

Re: Request for Information on Effective Financial Education, Docket No.  
CFPB-2012-0030

Dear Ms. Jackson:

The staffs of the Federal Trade Commission's Bureau of Consumer Protection, Office of Policy Planning, and Bureau of Economics<sup>1</sup> appreciate this opportunity to provide comments to the Consumer Financial Protection Bureau (CFPB) in response to its request for information on effective financial education approaches (Docket No. CFPB-2012-0030).<sup>2</sup>

Federal Trade Commission (FTC or Commission) staff commends the CFPB's efforts to seek more information about approaches for developing and launching initiatives to educate consumers and help them make better-informed financial decisions. FTC staff believes that education is the first line of defense against fraud and deception. We are pleased to have an opportunity to provide an overview of the FTC's education and outreach program, including tools, topics, and dissemination strategies and to highlight recent education efforts for consumers and businesses as examples of the FTC's education approach. FTC staff also looks forward to continued coordination with CFPB staff on financial education issues.

#### **I. FTC Authority and Experience**

The FTC has a long history as the nation's consumer protection agency. The Commission has used law enforcement, rulemaking, research, educational efforts, conferences, and workshops to protect consumers from deceptive, unfair, and other unlawful conduct.

## **A. Legal Authority**

The FTC enforces Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices, against a variety of financial service companies.<sup>3</sup> The Commission also enforces a number of consumer financial services statutes and regulations. These laws include the Fair Debt Collection Practices Act,<sup>4</sup> the Truth in Lending Act and its implementing Regulation Z,<sup>5</sup> the Home Ownership and Equity Protection Act,<sup>6</sup> the Consumer Leasing Act and its implementing Regulation M,<sup>7</sup> the Credit Repair Organizations Act,<sup>8</sup> the Equal Credit Opportunity Act,<sup>9</sup> the Electronic Funds Transfer Act and its implementing Regulation E,<sup>10</sup> and the Omnibus Appropriations Act of 2009 (as clarified by the Credit CARD Act).<sup>11</sup> Further, the FTC is authorized to enforce, with respect to entities within the FTC's jurisdiction, rules promulgated by the CFPB to protect consumers of financial services, including rules that implement Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>12</sup>

## **B. Experience in Consumer and Business Education**

The FTC educates consumers about issues that affect their daily lives, including their financial well-being, health, and safety. Within the FTC's Bureau of Consumer Protection, the Division of Consumer and Business Education (DCBE) seeks to educate and empower consumers by providing them with simple and practical information adapted for particular audiences. This information helps people understand their rights and recognize, avoid, and report frauds.

The 21-person staff of DCBE includes writers, marketers, graphic designers, and web designers and developers. Four staff members are attorneys. Three have MBAs. Others have advanced degrees in journalism, public administration, and international studies.

Consumer education is an integral component of the FTC's law enforcement initiatives. The agency also uses educational materials to raise awareness of major consumer protection issues (for example, identity theft). DCBE's business model is to engage consumers and businesses in three main ways: (1) directly, through the FTC's website ([ftc.gov](http://ftc.gov)) or its toll-free help line (1-877-FTC-HELP); (2) through the media (DCBE drafts consumer or business education materials to accompany virtually every law enforcement announcement by the agency); and (3) through an informal network of thousands of community-based organizations, who help distribute FTC materials.

DCBE engages with businesses primarily through compliance guides, speeches and presentations, blog posts, and articles in industry publications. As for reaching out to consumers, DCBE creates brochures, guides, websites, videos, public service announcements, infographics, newsletters, and social media pieces like blogs.

To maximize its outreach efforts, DCBE aims to be a wholesaler of information, rather than a retailer. FTC staff works with an informal network of about 10,000 community-based organizations and other interest groups that order FTC products and

distribute FTC information to their members, clients, and constituents. Most of the 10 million or so print publications the FTC distributes each year are disseminated through these trusted local partners, who include libraries, police departments, schools, non-profit organizations, banks, credit unions and other corporations, and government agencies. Staff offers instructions on how to share FTC materials by linking, reprinting, and co-branding. In addition, the FTC logs more than 28 million accesses of its publications online every year. The FTC's channel at [YouTube.com/FTCVideos](https://www.youtube.com/FTCVideos) houses more than 80 videos and has been viewed nearly one million times during FY 2012.

### **C. Coordination with CFPB on Education**

In January 2012, the FTC and the CFPB signed an agreement to coordinate efforts to protect consumers and avoid duplication of federal law enforcement and regulatory efforts.<sup>13</sup> Among other things, the agreement requires the agencies to meet at least quarterly to discuss consumer education materials and their distribution. The agencies have met and frequently coordinate on these issues. For example, the agencies hosted a joint webinar in June 2012 for military financial counselors on mortgage-related scams and the CFPB's process for resolving complaints from military consumers. The CFPB distributed the FTC's identity theft outreach materials to military counselors at hundreds of locations worldwide. FTC staff looks forward to continued coordination with CFPB staff on financial education issues.

## **II. FTC Education Initiatives**

Recent FTC education initiatives offer insights into successful dissemination approaches that may be considered when designing effective education and outreach strategies and campaigns:

- **Digital and Hard Copy Resources on Consumer.gov.** Conversations with legal services attorneys were the impetus for a major effort that involved a re-think of the information the FTC presents, in both style and substance. FTC staff used training from the Center for Applied Linguistics in writing and designing for audiences with low literacy levels and limited English proficiency to create a bank of basic materials on a variety of topics, including: making a budget, using prepaid cards, dealing with debt collectors, and payday loans. By focusing on what the intended audience needs to know, and delivering it in a way they will understand, these resources go beyond the government's Plain Language initiative. Short videos, infographics, read-along audios make this information even more accessible for site visitors, who can order one-page fact sheets on each topic. Resources for attorneys, teachers, librarians, and other local leaders to use in their communities also are available for free. Topics and text were vetted by lawyers and teachers whose clients and students will use the site. These materials launched in October at the [Consumer.gov](http://Consumer.gov) and [Consumidor.gov](http://Consumidor.gov) sites. Both sites are mobile-friendly.

- **Military Outreach.** In an effort to reach the military community, the FTC has partnered with the CFPB, military contractors, and Military One Source, a one-stop counseling site for service members, to produce webinars on dealing with debt, avoiding mortgage fraud, identity theft, job scams, and online safety. More are scheduled for FY 2013.
- **Legal Services Education Initiative.** FTC staff works with a variety of community, grass roots, and legal services organizations to reach traditionally hard-to-reach populations. The groups aim to disseminate educational materials and gather complaints about their consumers' marketplace experiences. Staff has created media available in various foreign languages focusing on recognizing immigration services scams and providing advice about how to get legitimate help.<sup>14</sup> These resources, now widely used by the U.S. Citizenship and Immigration Services, the Department of Justice, and many Congressional offices, are available in English, Spanish, Haitian Creole, Chinese, Korean, and Vietnamese. In addition, based on conversations with our community partners, staff released an "easy-to-use" resource on sending money overseas (available in English, Spanish, Chinese, Korean, Vietnamese, and Tagalog).<sup>15</sup> Another FTC resource alerts job hunters about their rights regarding background reports.<sup>16</sup> The Department of Labor has made this information a centerpiece of its career resources.
- **Business Center.** Business education plays a prominent role in the FTC's engagement strategy. In September 2010, the FTC's Bureau of Consumer Protection launched the BCP Business Center (<http://business.ftc.gov/>) to offer a one-stop compliance resource for businesses and lawyers. In FY 2012, the Business Center logged more than 9.7 million unique visitors. As of October 2012, the Business Center blog has more than 8,500 subscribers. Here are a few examples of positive feedback from users:

"I just want you to know how much I enjoy reading blog updates for the FTC's Business Center. Your ability to use humor and to sound like a real human while still getting serious points across is absolutely amazing. Thank you for bringing knowledge to my days."

"Too often, the government in general and regulatory agencies in particular are seen as the bad guys by small businesses, and it's great to have you reach out to them and give them some insight as to why the FTC does what it does as well as advice on how to make compliance work."

- **Hispanic Outreach.** Efforts to reach out to Spanish-speaking consumers include: (1) development of bilingual consumer education materials, as well as materials in Spanish; (2) outreach to Spanish-language media; (3) outreach to national Hispanic organizations; and (4) outreach to state and local organizations. The

FTC has conducted campaigns for Spanish-speakers on identity theft, online safety and security, being an informed consumer, and managing money, among other issues. The agency has more than 220 consumer publications, 20 videos, and dozens of websites and online games available in Spanish. In FY 2012, the FTC logged more than 925,000 page views to its Spanish-language websites and distributed more than half a million Spanish-language publications. Nearly 4,000 Spanish speakers have subscribed to receive consumer tips and news releases via email.

- **Youth Outreach.** Admongo, the FTC’s advertising literacy campaign launched in 2010, aims to educate “tweens” (children between the ages of 8-12) about how to skillfully identify, read, analyze, and understand advertisements. A central feature of the campaign is Admongo.gov, an interactive website that teaches core ad literacy concepts through an entertaining game with multiple levels. Other important elements of the campaign include in-school curricula and marketing initiatives developed with Scholastic. The campaign emphasizes learning and applying critical thinking skills. As part of this initiative, the FTC created Living Life Online,<sup>17</sup> a website and brochure to encourage digital literacy skills in kids and teens.

The FTC’s You Are Here site – at [FTC.gov/YouAreHere](http://FTC.gov/YouAreHere) – targets middle level students who are learning about the role of government agencies. Set in a virtual mall, the site uses an experiential approach to teach youngsters and their teachers about the mission of the FTC. Students experience the market from their own perspective as consumers and learn about advertising, competition, privacy, identity theft, and common frauds and scams, as they play games, design ads, and foil alien invaders bent on stealing their personal information.

- **Identity Theft.** For the past 12 years, identity theft has been the top category of complaint filed in the FTC’s online consumer complaint database, Consumer Sentinel. The FTC receives thousands of contacts each week through its toll-free hotline and dedicated website. Callers to the hotline receive counseling from trained personnel on steps they can take to prevent or recover from the crime.

In 2012, the FTC released a second generation of identity theft materials, including: *Taking Charge: What To Do If Your Identity Is Stolen*<sup>18</sup> (a booklet for victims), *Safeguarding Your Child's Future*<sup>19</sup> (a guide for parents), *Identity Theft: What To Know, What To Do*<sup>20</sup> (a brochure with just the basics), a brochure for the military community,<sup>21</sup> a bookmark on identity protection, three short videos,<sup>22</sup> and an Identity Theft Outreach Toolkit.<sup>23</sup> In FY 2012 alone, consumers and organizations asked for more than 2 million copies of these materials and logged more than 3.6 million web accesses. Since the education campaign’s inception in FY 1999, the FTC has distributed more than 73 million copies of identity theft materials and logged more than 76 million web accesses.

- **OnGuardOnline.** The FTC built and manages OnGuardOnline.gov, which has become the federal government's one-stop website to help people be safe, secure and responsible online. Sixteen federal agencies are currently partners in OnGuardOnline. The site receives over 3.6 million unique visits per year. The site's Net Cetera project grew out of the 2008 Broadband Data Act, which directed the FTC to conduct a national education campaign on children's online safety. A guide for parents, *Net Cetera: Talking with Kids About Being Online*,<sup>24</sup> was the first phase of that campaign. Since October 2009, the FTC has distributed more than 8.2 million copies of the guide. In 2010, staff followed up with a kit to help people reach out to their communities. The *Net Cetera Community Outreach Toolkit*<sup>25</sup> includes *Net Cetera*; a booklet for kids (*Heads Up*); presentation slides and notes; videos for both parents and children; and ideas to help people spread the word about being safe online. The toolkit includes practical information about cyberbullying, texting, file-sharing, and using mobile phones, and current information about online privacy and security. According to the American Customer Satisfaction Index, which is used by more than 100 government agencies to measure customer satisfaction, OnGuardOnline resonates with users, who gave it an 81% satisfaction rating. In 2012, the Center for Plain Language gave the FTC a ClearMark Award of Distinction for the OnGuardOnline.gov website.<sup>26</sup>
- **National Consumer Protection Week (NCPW).** The FTC coordinates NCPW during the first week of March each year, highlighting the consumer education efforts of local, state and federal consumer agencies and advocacy organizations. As part of NCPW, the agency develops an interactive website,<sup>27</sup> distributes PSAs to English and Spanish-language radio stations nationwide, reaches out to partner organizations, and pitches blogs and websites. During NCPW 2012, partners organized dozens of events to shine a light on consumer protection messages.
- **Conferences/Workshops/Town Hall Meetings.** As part of our outreach strategy, the FTC presents at conferences and workshops across the country. FTC staff have participated in events held by the American Library Association, AARP, the Jump\$tart National Educator Conference, Teachers of English to Speakers of Other Languages (TESOL), NAACP, the Annual Financial Literacy Leadership Conference, and Financial Literacy Day on the Hill. The FTC also organizes Common Ground Conferences, which bring together legal services lawyers, consumer advocates, state Attorneys General, and other law enforcement agencies to discuss issues affecting vulnerable populations. The FTC also works with congressional staff to present at town hall meetings, and to provide constituents with free consumer publications.
- **Consumer Redress.** When the FTC sues companies that make deceptive claims about their products or services, the lawsuits sometimes result in refunds for people who bought the product or service. The FTC's dedicated web page – [ftc.gov/redress](http://ftc.gov/redress) – offers answers to common questions about the refund process, and presents an additional opportunity to share tips to help people avoid scams

and rip-offs. The FTC also includes relevant consumer information in redress mailings to consumers. The DCBE team reviews redress letters to make sure they are easily understood by consumers.

### **III. Conclusion**

FTC staff supports the CFPB's efforts to seek more information about consumer education approaches and is pleased to offer examples of its approaches to creating effective education materials. FTC staff has found that the most successful education efforts are those that present information in a way that respects the reader's time, experience, and knowledge. If you have any questions about this comment or would like additional information, please contact Carolyn Shanoff at (202) 326-3268.

Respectfully submitted,

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<sup>1</sup> This staff letter expresses the views of the Federal Trade Commission's Bureau of Consumer Protection, Office of Policy Planning, and Bureau of Economics. The letter does not necessarily represent the views of the Federal Trade Commission or of any individual Commissioner. The Commission, however, has voted to authorize staff to submit these comments.

<sup>2</sup> 77 Fed. Reg. 46069 (Aug. 2, 2012).

<sup>3</sup> See 15 U.S.C. § 45(a). The FTC Act, however, exempts banks, savings and loan institutions, and Federal credit unions from the Commission's jurisdiction.

<sup>4</sup> 15 U.S.C. §§ 1692-1692p (prohibits abusive, deceptive, and unfair debt collection practices by third-party debt collectors).

<sup>5</sup> 15 U.S.C. §§ 1601-1666j (mandates disclosures and other requirements in connection with consumer credit transactions); 12 C.F.R. 226; 12 CFR 1026.

<sup>6</sup> 15 U.S.C. § 1639 (provides additional protections for consumers entering into certain high-cost mortgage loans).

<sup>7</sup> 15 U.S.C. §§ 1667-1667f (requires disclosures, limits balloon payments, and regulates advertising in connection with consumer lease transactions); 12 C.F.R. 213; 12 C.F.R. 1013.

<sup>8</sup> 15 U.S.C. §§ 1679-1679j (mandates disclosures and other requirements in connection with credit repair organizations).

<sup>9</sup> 15 U.S.C. §§ 1691-1691f (prohibits creditor practices that discriminate on the basis of race, religion, national origin, sex, marital status, age, receipt of public assistance, and the exercise of certain legal rights).

<sup>10</sup> 15 U.S.C. §§ 1693-1693r (establishes the rights, responsibilities, and liabilities of consumers and businesses engaged in electronic fund transfers); 12 C.F.R. 205; 12 C.F.R. 1005.

<sup>11</sup> Omnibus Appropriations Act of 2009, Pub. L. 111-8, 123 Stat. 524; Credit Card Accountability Responsibility and Disclosure Act of 2009, Pub. L. 111-24, 123 Stat. 1734; 12 C.F.R. Part 1014 (prohibits deceptive mortgage advertising practices); 12 C.F.R. Part 1015 (prohibits deceptive and unfair practices in connection with mortgage assistance relief services).

<sup>12</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (July 21, 2010). See § 1061(b)(5)(C)(ii), 12 U.S.C. § 5581(b)(5)(C)(ii) (2010).

<sup>13</sup> See Federal Trade Commission, Consumer Financial Protection Bureau Pledge to Work Together to Protect Consumers, available at <http://www.ftc.gov/opa/2012/01/ftccfbp.shtm>.

<sup>14</sup> Avoiding Scams Against Immigrants, available at <http://www.ftc.gov/bcp/edu/microsites/immigration/index.shtm>.

<sup>15</sup> FTC Offers Advice in Six Languages for People on Wiring Money Overseas, available at <http://www.ftc.gov/opa/2012/06/wiremoney.shtm>.

<sup>16</sup> What to Know When You Look For a Job, available at <http://ftc.gov/bcp/edu/pubs/consumer/alerts/alt080.shtm>.

<sup>17</sup> Living Life Online, available at <http://www.ftc.gov/bcp/edu/microsites/livinglifeonline/index.shtm>.



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- <sup>18</sup> Taking Charge: : What to Do If Your Identity Is Stolen, *available at* <http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idt04.pdf>.
- <sup>19</sup> Safeguarding Your Child's Future, *available at* <http://ftc.gov/bcp/edu/pubs/consumer/idtheft/idt08.pdf>.
- <sup>20</sup> Identity Theft: What To Know, What To Do, *available at* <http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idt01.shtm>.
- <sup>21</sup> Identity Theft: Military Personnel & Families: What To Know, What To Do, *available at* <http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idt02.shtm>.
- <sup>22</sup> What Is Identity Theft?; Rapid Response Tips; and What To Do If You're A Victim of Identity Theft, *available at* <http://www.ftc.gov/multimedia/video/identity-theft.shtm>.
- <sup>23</sup> Protect Your Identity Outreach Toolkit, *available at* <http://www.ftc.gov/bcp/edu/microsites/idtheft2012/toolkit.shtml>.
- <sup>24</sup> Net Cetera: Chatting with Kids About Being Online, *available at* <http://www.ftc.gov/bcp/edu/pubs/consumer/tech/tec04.pdf>.
- <sup>25</sup> Net Cetera Community Outreach Toolkit, *available at* <http://www.onguardonline.gov/features/feature-0004-featured-net-cetera-toolkit>.
- <sup>26</sup> Center for Plain Language, 2012 ClearMark Awards (2012), <http://centerforplainlanguage.org/awards/clearmark2012/>.
- <sup>27</sup> National Consumer Protection Week, *available at* [www.ncpw.gov](http://www.ncpw.gov).