



March 17, 2021

Department of Financial Protection and Innovation

Via Email: regulations@dfpi.ca.gov

Re: Public Comment on the proposed rulemaking for the California Consumer Financial Protection Law (CCFPL).

Subject: PRO 01-21

To Whom It May Concern,

MyPath is pleased to submit this letter in response to the invitation for public comment on the proposed rulemaking under the California Consumer Financial Protection Law (CCFPL).

A San Francisco-based national nonprofit, MyPath focuses on young consumers, in particular BIPOC (Black, Indigenous and People of Color) youth and young adults (ages 14 to 24 years) from low income and low wealth communities, to ensure they have the tools, knowledge and confidence they need to get on a path to wealth-building. To this end, we design, test and scale models that engage BIPOC youth in banking, saving and credit-building while they are earning their first paychecks. Our models integrate youth-designed financial education and youth-friendly financial services into youth employment and workforce programs and deliver them via trusted technology and human relationships to ensure take-up, engagement and impact.

We also engage BIPOC youth and young adults in policy advocacy at local, state and national levels to expand access to these kinds of supports and to ensure youth voices are at the table. Our youth advocates have engaged stakeholders and elected officials in San Francisco, Sacramento and Washington, D.C., including key officials in the Obama Administration, Treasury Secretary Jack Lew and Consumer Financial Protection Bureau Director Richard Cordray. In that spirit, in addition to submitting these comments regarding the particular needs of BIPOC youth and young adults, we request a meeting with your team to hear directly from our youth leaders about their Youth Economic Bill of Rights project, Youth RYTS (Real Youth Troubles and Solutions).

We appreciate the opportunity to share MyPath's perspective on how to strengthen protections for young consumers as they engage in financial transactions, in particular to address the often overlooked needs of BIPOC youth and young adults growing up in California's low-income communities. Indeed, this work is as much about protecting them from predatory actors and decreasing their financial and economic vulnerability as it is about bolstering their financial security and economic mobility. Creating financial supports to engage consumers at the





outset of their financial lives ensures that young Californians can start strong and prevent the many financial challenges facing adults. Below are recommendations created by and with MyPath BIPOC youth and their adult allies to address the economic and financial vulnerability of BIPOC youth from low-income communities, in relation to the CCFPL and topics and questions for rulemaking:

1. **Adopt a Statewide Approach to Offering Noncustodial Accounts for Minors.**

Youth ages 14 through 17 years are legally able to earn money, yet they cannot bank on their own until they turn 18. Current regulations leave those minors who are old enough to work, but do not have a parent nor guardian that can serve as a custodian for a bank account, without a safe banking option, forcing them to use predatory services to cash their checks. This population includes foster youth and youth whose parents are ITIN holders or are in Chexsystems. Access to noncustodial bank accounts is a necessary protection for young workers, providing a safe way to cash and store their earnings. Additionally, it is also a critical on ramp to future credit access. Noncustodial youth accounts designed with MyPath's tested [National Youth Banking Standards](#) allow minors to overcome barriers they face in accessing financial products and to bank and save safely.

2. **Expand definition of young consumers.**

We appreciate the strategic approach taken by DFPI to target education and outreach resources for specific populations: New Californians, Service Members, Elders/Seniors and Students. Longstanding systemic racial inequities have created serious financial and economic barriers for these populations, and COVID-19 has exacerbated them while revealing the importance of access to banking for stimulus payments. While less visible, the economic impact of the pandemic is especially pronounced for BIPOC youth and young adults, as they face a setback in education and employment from which they will not recover without the right investments. Given the nature of these setbacks, we encourage DFPI, in its efforts to address "student" consumer protections, to expand the idea of this population and consider that there are many students that have become disconnected from school as a result of the pandemic, and have become even more economically and financially vulnerable. Expanding the definition to include more economically vulnerable young people will ensure more youth have access to resources to avoid scams, get banked and begin to recover. In particular, we see scams targeting younger consumers happening at an alarming rate without the needed education and support resources to help youth avoid and/or recover from them.





3. **Incentivize banks to participate in innovative partnerships that integrate banking and credit access into youth employment programs.**

The DFPI should provide incentive structures for establishing partnerships with youth agencies to deliver innovative banking, saving and credit building opportunities to BIPOC youth and young adults. The U.S. Department of Treasury's FLEC (Financial Literacy and Education Commission) published two resource guides in 2017, both designed to highlight the impact of financial capability integration into youth employment programs ([Resource Guide for Financial Institutions](#) and [Resource Guide for Youth Employment Programs](#)) and to encourage their wider adoption. Additionally, the Consumer Financial Protection Bureau has invested in the [Youth Employment Success initiative](#) for several years, an initiative designed to advance the practice of integrating banking and financial education into youth workforce and employment programs. Without incentives, banks will not participate in such programs.

4. **Create a new Young BIPOC Consumer Advisory Board.**

We believe an advisory board comprised of BIPOC young adults from low-income communities across the state can illuminate the particular banking, education and credit needs of BIPOC youth in California and identify the best solutions to address them, toward ensuring that we are getting ahead of consumer issues rather than operating in a reactive stance. Given the size of our young population in California and the disproportionate number of our young people of color growing up in poverty, it is critical to understand and address the financial barriers and financial exclusion they face.

Thank you for your consideration of our recommendations and we look forward to the opportunity to meet with you to discuss them in more detail. Please feel free to contact me at Margaret@MyPathUS.org.

Sincerely,

Margaret Libby, Founder & CEO
MyPath

Cc: Charles Carriere at charles.carriere@dfpi.ca.gov

