

U.S. COST OF LIVING CRISIS: KEY ISSUES FOR RETAIL FINANCIAL INSTITUTIONS

- The Homeowner Assistance Fund established to provide payment assistance and foreclosure relief in the wake of COVID-19 would be an apt vehicle for providing assistance in the event of a prolonged cost of living crisis there. But whatever happens, the number of customers in financial difficulty are likely to increase.
- Lenders should expect regulators to continue their focus on populations such as service members, older people, and students.
- The Consumer Financial Protection Bureau has found an increase in both the approval rates for BNPL or point-of-sale loans as well as the amount borrowed per consumer. This could mean that these loans are going to borrowers that may have less of an ability to repay and are at higher risk of late fees or default.
- This is a good time for lenders to review their default servicing procedures, especially including consumer protections from vehicle repossession and the ability of mortgage borrowers to have access to a Single Point of Contact for default servicing issues.