A successful Case

Consumer Financial Protection Bureau

CFPB Case

- The Consumer Financial Protection Bureau federal agency (CFPB) was created on 2010 in the U.S.A.

- Tasked with protecting American citizens from predatory financial services (e.g., excessive interest rates on credit cards, student lenders, and payday loans)

- The agency obtained $500 million budget and a large staff

CFPB Assumptions

- Assumptions
  - The citizens will contact the agency, once they will know about CFBP
  - A list of (early) problems to address

- Questions
  - What if abused people don't view themselves as victims and therefore don't seek help?
  - What if people have very different notions of what problems are important?

- Once the agency is up and running country-wide, altering the plan drawn upon the assumptions will be expensive and time consuming

- How to validate the assumptions in advance?
  - Interacting with real "customers"
  - But without the effort of setting-up a country-wide organization

CFPB Experiment

- The CFPB Created a simple hotline number,
  - Using a service provider (e.g., www.twilio.com)
  - Few hours' work
    - Simple voice prompts (nothing more)
    - A menu of financial problems to choose from
    - In the first version,
      - Pre-recorded message with useful information on how to resolve the specific problem
      - No caseworkers (i.e., real people answering)

CFPB Experiment 2

- The agency started with a small geographic area (few city blocks) instead of marketing the hotline to the whole country
  - Highly targeted advertising
  - Since the target area is so small
    - An intensive marketing campaign was carried out to create a high level of awareness
    - The total cost would remain quite small

CFPB Further Experiments

- The knowledge acquired was very valuable
  - Percentage of people actually calling w.r.t. population (in the target area)
    - The extrapolation is not perfect
    - But it is a baseline far more accurate than market research
  - Menu selection statistics
    - figure out what kinds of problems citizens believe they have, not just what they "should" have
    - Segmenting and prioritizing people problems (e.g., credit cards)
- Then, the agency could engage in a continuous process of improvement
  - Managing some more problem categories
  - Eventually, staff the hotline with real people (caseworkers), starting from specific problems