

**Written statement of Paul E. Kantwill  
Assistant Director, Consumer Financial Protection Bureau  
Office of Servicemember Affairs**

**Before the  
U.S. Senate Committee on Armed Services, Subcommittee on Personnel  
February 14, 2017**

Chairman Tillis, Ranking Member Gillibrand, and distinguished Members of the Committee, thank you for conducting this hearing and for the opportunity to provide a statement as a representative of the Office of Servicemember Affairs of the Consumer Financial Protection Bureau (Consumer Bureau). It is a pleasure to provide information regarding the consumer financial issues the Consumer Bureau sees affecting servicemembers and their families and the work of the Office of Servicemember Affairs on behalf of military consumers.

I currently serve as an Assistant Director at the Consumer Bureau, where I have the honor of leading the Office of Servicemember Affairs (OSA). Prior to assuming my present duties, I served as the Director of Legal Policy in the Office of the Under Secretary of Defense for Personnel & Readiness. Also informing my perspective is my 25 year career as an Active Duty Army Judge Advocate, with many tours of duty across the globe, and in active theaters of operation, providing legal support to our troops and their families. I saw first-hand how a servicemember burdened with concerns outside of the parameters of his or her mission cannot reach full combat effectiveness.

In my experience, the financial readiness of servicemembers and their families is essential to their well-being and their ability to contribute to the mission. Servicemembers distracted from the tactical mission by financial issues cannot be completely mission focused. Thus, OSA has developed, cultivated, and will maintain a close and effective relationship with the Department of Defense (DoD) and its senior leadership with a view toward being as effective as possible in assisting DoD in establishing and preserving financial readiness and ensuring that servicemembers, veterans and their families receive the protections to which they are entitled. Critical partners in our efforts are the Services' Senior Enlisted Leaders, who will testify at this hearing. They are the vanguard for our servicemembers, and we are proud to call them friends and colleagues.

The Consumer Bureau recognizes that servicemembers interact with the full complement of financial products and services, and that the unique demands of a military career may present them with challenges in the financial marketplace. For example, many consumers are concerned about the accuracy of their credit reports. For servicemembers, they understand that information on their credit reports may influence their potential for promotion, their duty status and even their military careers. Servicemembers are also targeted by some companies.

Here is what one servicemember said about his car-financing experience, "The [company] even knew how much I made as a [soldier]. I will be paying over [XX] when I'm done paying this car.

I have a family that I need to support, and this is unfair and unjust. I didn't know that I was going to pay over [XX] what the vehicle is worth. They never explained the APR percent or how much I'd end up losing, and I feel really taken advantage of... This always happens simply because I am a [servicemember], and I live near a base, so all these businesses set up and sell their products advertising 'we do military finance.' They reel us in like fishes.”

OSA hears all this and more, and so we understand the importance of readiness and how financial readiness means military readiness in many cases.

Through the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Congress created the Consumer Bureau to stand on the side of consumers and ensure they are treated fairly in the financial marketplace. Since we opened our doors, we have been focused on making consumer financial markets work better for the American people, and helping consumers improve their financial lives. We appreciate the work done by Ranking Member Jack Reed to create an office dedicated to protecting military consumers, the Office of Servicemember Affairs. As laid out in the Dodd-Frank Act, the Office of Servicemember Affairs at the Bureau is responsible for:

- Developing and implementing initiatives to educate and empower servicemembers and their families to make better-informed decisions regarding consumer financial products and services;
- Monitoring complaints submitted by servicemembers and their families about consumer financial products and services, and the responses to those complaints; and
- Coordinating the efforts of Federal and State agencies, as appropriate, regarding consumer protection measures relating to consumer financial products and services offered to, or used by, servicemembers and their families, with a view toward improving consumer-protection measures for military personnel and their families.

In this statement, I will describe several examples of the work being done to implement these three important responsibilities. First, with regard to education, OSA has carefully tailored our education efforts to provide education in areas where we have identified a need for additional consumer education. We have been most deliberate in our resolve not to duplicate efforts already undertaken by the Department of Defense and other federal agencies. We are working closely with the DoD's Office of Financial Readiness to provide technical assistance and expertise as they work to achieve a military life cycle model of financial education delivery.

The Office of Servicemember Affairs conducts activities designed to reach servicemembers at the places where they live and work to make them aware of the Consumer Bureau's resources, including the consumer complaint process, and to hear about their challenges and concerns. Between October 1, 2015, and September 30, 2016, OSA delivered consumer financial educational information and materials to more than 9,000 servicemembers, veterans, military family members, and other stakeholders through live events. This number included interacting with more than 3,300 active-duty servicemembers and National Guard personnel through leadership roundtables and town hall-style listening sessions at 20 military installations.

These sessions provided a forum for military personnel and their families to relay their financial challenges and for the Consumer Bureau to provide educational information and materials to help them make better-informed financial decisions. The installations visited were representative of all five service branches of the armed forces and included regional commands, senior leadership development schools, and military entrance processing stations.

Along with the installation visits, the Office of Servicemember Affairs conducted more than 145 outreach events across the United States to engage various stakeholder groups and deliver consumer resources directly to the military community. These stakeholder groups consisted of a diverse field of leaders, educators, financial education practitioners, and military consumer protection advocates in the armed services, academia, law, the financial industry, federal and state governments, and others.

The Consumer Bureau also offers a series of virtual, on-demand video trainings, Military financial educator forums on consumer financial topics of interest to servicemembers, military leaders, and those that provide financial education or legal counseling assistance to military communities.<sup>1</sup>

The Office of Servicemember Affairs also launched an initiative for new recruits poised to join the military, but who have not yet started active duty (known as the “Delayed Entry” period), since we understand that new recruits both have the time to take this training, and the need for it. The Delayed Entry Program (DEP) initiative provides a just-enough, just-in-time, financial curriculum in an innovative online graphic novel style. Our phased rollout started January 2016. The Marine Corps is expected to adopt the curriculum this year. After that, the DEP will be in use by all the services, including the Coast Guard and National Guard. It has already been accessed by over 6,700 future servicemembers. We are also preparing this educational resource for delivery to Reserve Officer training Corps cadets at the request of the U.S. Army Cadet Command.

The Consumer Bureau’s education work is informed by our consumer complaint monitoring. Monitoring consumer complaints provides us an extraordinary lens through which to gain insight to the most common and vexing problems facing military consumers and provides information allowing us to work with our federal and state partners to protect military consumers. Consumer complaints have come from all 50 states and from all branches of the military. We place special and significant emphasis on several emerging and persistent issues affecting military consumers. For example, since the Bureau began accepting student loan complaints in March 2012, we have been receiving consumer complaints from servicemembers describing their struggles with their student loans.

In October 2012, we released the report “The Next Front? Student Loan Servicing and the Cost to our Men and Women in Uniform.”<sup>2</sup> The report contained information we had gleaned from consumer complaints about the problems they had communicating with their loan servicers, notably with obtaining their Servicemembers Civil Relief Act (SCRA) rights under the law.

---

<sup>1</sup> [consumerfinance.gov/servicemembers/on-demand-forums-and-tools/](http://consumerfinance.gov/servicemembers/on-demand-forums-and-tools/)

<sup>2</sup> [http://files.consumerfinance.gov/f/201210\\_cfpb\\_servicemember-student-loan-servicing.pdf](http://files.consumerfinance.gov/f/201210_cfpb_servicemember-student-loan-servicing.pdf)



Consumers reported they received incorrect information from their loan servicers, including instances in which they were told their orders were no good unless they had an end-date, they had to be deployed in order to be entitled to the protection, along with reports of repeated requests for documentation not required under the law.

We shared these complaints with both our partners at the Department of Justice and the Federal Deposit Insurance Corporation. These complaints led to settlements with the nation's largest student loan servicer, Sallie Mae/Navient in May 2014. The settlements resulted in over \$60 million back to over 77,000 servicemembers.

Following the settlement, the Department of Education issued guidance to their servicers that they should begin applying the rate reduction automatically to eligible borrowers. Student loan servicers were instructed to pro-actively monitor the DoD's Man Power Database to find borrowers entitled to the benefit, instead of requiring borrowers to affirmatively request their SCRA rights in writing. As a result of this change, the number of servicemember student loan borrowers enjoying their rights under the SCRA has dramatically increased.

While there has been a lot of positive movement over the past five years, especially in the realm of military borrowers with federal student loans, the work is not complete. OSA revisited this topic in a report released in July 2015.<sup>3</sup> In that report, OSA observed that SCRA protections, among other protections, continued to be an issue for military student loan borrowers. In order to help military consumers understand their rights, protections, and resources when it comes to student loan debt, OSA created an action guide for servicemembers detailing their options.<sup>4</sup> The guide has been distributed to the military Services and remains available on our webpage.

After receiving numerous credit reporting complaints, we saw many deployed servicemembers reported damage to their credit reports was due to identity theft or misuse of their accounts. Very few of them reported using an active duty alert. This caused us to create educational materials on credit card alerts as well as credit freezes.<sup>5</sup> The Fraud Alert Factsheet has been distributed to the military Services and remains available on our webpage.

Debt collection is the product about which we receive the most complaints. Based on the complaints submitted through 2016, we found that servicemembers were twice as likely as their civilian counterparts to complain about debt collection issues. We created a Servicemember specific fact sheet to inform servicemembers about their rights under the Fair Debt Collection Practices Act.<sup>6</sup> These educational tools have been distributed to the military Services and remain available on our webpage.

Our third key responsibility is working together with federal and state agencies to improve consumer-protection measures for military personnel and their families. In addition to the

---

<sup>3</sup> [http://www.consumerfinance.gov/f/documents/201604\\_cfpb\\_servicemember-student-loan-guide.pdf](http://www.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf)

<sup>4</sup> [http://files.consumerfinance.gov/f/201405\\_cfpb\\_servicemember-student-loan-guide.pdf](http://files.consumerfinance.gov/f/201405_cfpb_servicemember-student-loan-guide.pdf)

<sup>5</sup> [http://www.consumerfinance.gov/f/201508\\_cfpb\\_fraud-protection-tools-to-help-safeguard-servicemembers.pdf](http://www.consumerfinance.gov/f/201508_cfpb_fraud-protection-tools-to-help-safeguard-servicemembers.pdf)

<sup>6</sup> <http://www.consumerfinance.gov/f/CFPB-Servicemembers-Know-Your-Rights-Handout-Debt-Collection.pdf>

examples of the work done that I previously described, I will mention additional examples of the work we have done with federal and state agencies to improve consumer protection measures.

Each year, too many student veterans across the country pick schools that aggressively recruit veterans for their GI Bill benefits, but do not offer them a high-quality education in return. To help servicemembers make the most of the hard-earned education benefits, we partnered with the Department of Veterans Affairs to develop the GI Bill Comparison Tool<sup>7</sup> to help those student veterans invest their GI Bill benefits wisely. Before the comparison tool, servicemembers wanting to know how much their GI Bill benefits would pay at a particular school had to go to 15-22 different websites to get their answers. Now they can get access to the answer with just one click. The tool has helped over 1.5 million servicemembers, veterans and their families make more informed decisions on choosing and paying for college.

Servicemembers who entered active duty with some college already under their belt and possibly some student debt on their backs can use our Paying for College tools,<sup>8</sup> like “Repay Student Debt” to learn about repayment options that may lower their monthly payment or provide short-term relief if they are facing financial difficulties. Borrowers in default can learn about options that might hold the key to repairing their credit, going back to school, or bringing their loans back into good standing.

The Repay Student Debt tool now features sample instructions that student loan borrowers can send to their student loan servicers when seeking an affordable payment on a private student loan, requesting a cosigner be released from a loan obligation, or directing a student loan servicer to apply a prepayment in a manner that is in the borrower’s best interest.<sup>9</sup>

In conclusion, financial readiness of servicemembers and their families is essential to their well-being and their ability to contribute to the mission. Servicemembers distracted from the tactical mission by financial issues cannot be completely mission focused. Thus, the Consumer Bureau will continue to do its utmost to assist the Department of Defense to maintain and increase financial readiness for servicemembers, and to ensure the protections to which they are entitled. Thank you for the opportunity to provide this statement.

---

<sup>7</sup> <https://www.vets.gov/gi-bill-comparison-tool>

<sup>8</sup> <http://www.consumerfinance.gov/paying-for-college/>

<sup>9</sup> <http://www.consumerfinance.gov/paying-for-college/repay-student-debt/>