Office of Inspector General
Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

Executive Summary, 2025-SR-C-005, May 5, 2025

The CFPB Can Improve Its Safeguards for Protecting Confidential Supervisory Information

Findings

We found that the Consumer Financial Protection Bureau's guidance for confidential supervisory information (CSI) does not effectively limit access to such information in its system of record for supervision activities. We also found that the CFPB's guidance does not sufficiently limit access to CSI used to prioritize supervisory activities. The CFPB can reduce the risk of unauthorized access to CSI by updating its guidance to limit access to such information on a need to know basis and clearly defining when that need to know exists.

Additionally, we found that the CFPB's guidance for managing CSI breaches does not include expectations for assessing and documenting the severity of breaches and determining, enforcing, and documenting consequences for responsible employees. Further, the agency does not conduct trend analysis on the causes of CSI breaches to determine the appropriate adjustments to controls based on reoccurring themes. Without formal guidance for determining the severity of CSI breaches, the CFPB may underestimate the associated risks. Appropriately classifying the severity of CSI breaches will help to promote an effective response. In addition, consistently enforcing appropriate consequences when necessary and analyzing the causes of breaches can help the CFPB reduce the risk of reoccurrence or more severe breaches.

Finally, we found that the CFPB does not have a defined process to notify the affected supervised institutions of CSI breaches. We believe that establishing a process for evaluating potential harm or reputational risk to affected institutions and communicating with them about that harm or risk can better prepare the CFPB to respond to future breaches. We also believe such a process will promote transparency and enable institutions to respond quickly, if needed.

Recommendations

Our report contains seven recommendations designed to improve the CFPB's safeguards for protecting CSI. In its response to our draft report, the CFPB concurs with our recommendations and outlines actions that will be taken to address six of those recommendations. The CFPB indicated that the actions are subject to resource availability. The CFPB did not describe any actions to address recommendation 6 or provide implementation time frames for any of the recommendations. In 90 days, we will request that the agency provide implementation dates for each recommendation. We will follow up to ensure that the recommendations are addressed.

Purpose

In 2023, the CFPB declared a major incident breach that affected about 256,000 consumers and 46 institutions—the first time that the agency declared such an incident. We conducted this evaluation to assess the CFPB's controls for safeguarding CSI.

Background

The Division of Supervision's (Supervision) Office of Supervision Examinations (OSE) supervises and examines depository and nondepository institutions to ensure compliance with federal consumer financial laws. Within OSE, regional staff conduct examinations; perform monitoring activities; and coordinate with federal and state regulators, as necessary. As part of these oversight activities, OSE examiners collect and review CSI from supervised institutions.

Supervision staff also create CSI when they analyze information about institutions, document their conclusions, and conduct the CFPB's annual prioritization process for supervisory activities. The CSI that Supervision staff obtain and create may contain personally identifiable information (PII). Breaches of CSI and PII can expose the CFPB, financial institutions, and individuals to reputational and financial damage.