



January 6, 2023

Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G St. N.W.  
Washington, D.C. 20552

**Re: Supervision of Accenture, a Large and Risky Student Loan Company**

Dear Director Chopra,

We write today to request that the Consumer Financial Protection Bureau (CFPB) take action to protect student loan borrowers from critical but heretofore overlooked areas of risk. Recent events have made clear that Accenture Federal Services (Accenture), a massive student loan company that acts as a key service provider to the Department of Education (ED), cannot be relied upon to faithfully execute its vital role of managing and accurately relaying information about borrowers' student loan accounts.<sup>1</sup> These events have underscored the longstanding need for the CFPB to clarify that Accenture's size and centrality to the student loan system bring it clearly within the ambit of the agency's supervisory tool.<sup>2</sup> Indeed, whether by acknowledging Accenture's standing as a larger participant in the student loan market or by noting the risks the company clearly poses to borrowers, the CFPB already has the authority and obligation to act. Student loan borrowers will not be safe until the agency does so.

**I. Accenture is a systemically important student loan company that recently demonstrated its capacity to inflict tremendous harm on borrowers.**

Accenture is a multinational Fortune 500 corporation that generates tens of billions of dollars in revenue each year through a variety of consulting and information technology services.<sup>3</sup> The company has acted as a contractor for ED since at least 2001, when it won a five-year, \$194 million agreement to develop a system to support the origination and disbursement of federal student loans.<sup>4</sup> Accenture now operates under four contracts with ED cumulatively worth more than \$1.5 billion,<sup>5</sup> including a ten-year, \$1 billion agreement to manage "operations and

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<sup>1</sup> <https://www.cbsnews.com/news/student-loan-forgiveness-mistake-approval-letters/>

<sup>2</sup> <https://www.law.cornell.edu/uscode/text/12/5514>

<sup>3</sup> <https://money.cnn.com/magazines/fortune/global500/2011/snapshots/11019.html>

<sup>4</sup>

<https://newsroom.accenture.com/news/accenture-signs-performance-based-contract-with-us-department-education.htm>

<sup>5</sup> <https://perma.cc/4AMS-NVSW>



maintenance” of the federal student loan program.<sup>6</sup> So-called “case studies” on Accenture’s website boast the purported success of these arrangements and identify in detail the specific consumer financial services the firm performs in the student loan market.<sup>7</sup>

Within its role as a linchpin of the federal student loan system, Accenture regularly sends certain important electronic messages to borrowers under the branding of ED’s Office of Federal Student Aid (FSA). Borrowers reasonably rely on the information contained in these missives to plan for, and manage household finances related to, the repayment of their debts.

Recent events, however, have made clear that borrowers’ trust in Accenture may be misplaced. In particular, in November 2022, Accenture sent emails to roughly nine million federal student loan borrowers with a subject line reading “Your Student Loan Debt Relief Application Has Been Approved.” This message was sent in reference to the student debt relief plan that President Biden announced in August 2022,<sup>8</sup> and for which more than 26 million borrowers had applied by November of that year.<sup>9</sup> Accenture’s November 2022 email was the company’s second wave of cancellation-related communications; reports indicate that the company had already sent 16 million emails to borrowers notifying them of their eligibility for cancellation.<sup>10</sup>

Unfortunately, Accenture’s November email to nine million borrowers contained damagingly false information. In particular, despite the assertion in that email’s subject line, the millions of borrowers who received Accenture’s November message had *not* had their applications processed. In fact, many of the borrowers who received this erroneous email were not eligible for relief and would not have been approved for it even if their applications had been reviewed.

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<https://newsroom.accenture.com/news/accenture-awarded-966-million-contract-to-support-federal-student-aid-programs.htm>

<sup>7</sup> <https://www.accenture.com/us-en/case-studies/us-federal-government/simplifying-financial-aid> [<https://perma.cc/TP86-XLU7>];

<https://www.accenture.com/us-en/case-studies/us-federal-government/modernizing-financial-aid> [<https://perma.cc/6ZGR-PYT2>]

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<https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>

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<https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/10/statement-by-white-house-press-secretary-karine-jean-pierre-on-the-district-courts-ruling-on-the-biden-harris-administrations-student-debt-relief-program/>

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<https://abcnews.go.com/Politics/9-million-people-incorrect-email-approved-student-loan/story?id=94702497>



Accenture went on to apologize, concede that its representations to borrowers were “inaccurate,” and cite “human error” as the cause of the episode.<sup>11</sup> Yet the company's response only underscores the danger that Accenture currently poses to students. As the Student Borrower Protection Center recently wrote in a letter to Secretary of Education Miguel Cardona, errors like the one Accenture made are costly, unacceptable, and likely violative of borrowers’ legal protections.<sup>12</sup> That problems of such scale could arise from an instance of human error points to a clear gap in the consumer protection guardrails that currently surround Accenture’s participation in the student debt system.

## **II. Accenture’s size within the student loan servicing market and the risks it poses to consumers each bring it clearly within the scope of CFPB supervision.**

The CFPB already has both the tools and the duty to protect consumers from large, reckless, and heretofore unaccountable participants in the student loan system such as Accenture. In particular, the Consumer Financial Protection Act (CFPA) establishes that the CFPB *must* engage in “supervision” of covered institutions, including that it “*shall* require reports and conduct examinations on a periodic basis” of these firms for the purpose of assessing compliance with “the requirements of Federal consumer financial law,” “obtaining information about [their] activities and compliance systems or procedures,” and “detecting and assessing risks to consumers and to markets . . . .”<sup>13</sup>

The CFPA further specifies that the set of institutions covered by this supervisory regime includes, among other firms, any “larger participant” in a variety of consumer financial markets or any company that the CFPB “has reasonable cause to determine . . . is engaging, or has engaged, in conduct that poses risks to consumers with regard to the offering or provision of consumer financial products or services. . . .”<sup>14</sup>

The CFPB can and should clarify that Accenture falls within the CFPB’s supervisory regime given that the company is a larger participant in the student loan servicing market and that, even if it were not, it clearly poses massive risks to student loan borrowers. Indeed, the events of November 2022 show that it is long past overdue for the CFPB to conduct the regular supervision necessary to prevent future disastrous breakdowns at Accenture.

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<https://www.businessinsider.in/policy/economy/news/9-million-student-loan-borrowers-got-an-email-in-november-with-the-wrong-subject-line-informing-them-their-debt-relief-has-been-approved-the-education-department-is-issuing-corrections-/articleshow/95968823.cms>

<sup>12</sup>

<https://protectborrowers.org/letter-to-the-department-of-education-calling-for-accountability-following-accentures-communication-failure-impacting-9-million-borrowers/>

<sup>13</sup> <https://www.law.cornell.edu/uscode/text/12/5514> (emphasis added)

<sup>14</sup> *Id.*



**a. Accenture meets the larger participant threshold for CFPB supervision as a student loan servicer.**

In 2013, the CFPB published a rule enumerating the definition of a “larger participant” in the student loan servicing market.<sup>15</sup> The rule defined “student loan servicing” to mean “(1) receiving loan payments (or receiving notification of payments) and applying payments to the borrower’s account pursuant to the terms of the post-secondary education loan or of the contract governing the servicing; (2) during periods when no payments are required, maintaining account records and communicating with borrowers on behalf of loan holders; or (3) interactions with borrowers, including activities to help prevent default, conducted to facilitate the foregoing activities” in connection with both federal and private student loans.<sup>16</sup> The rule further established that a company is a larger participant in the student loan servicing market “if its account volume exceeds one million.”<sup>17</sup> “Account volume” is defined as “the number of accounts for which an entity and its affiliated companies were considered to perform student loan servicing as of December 31 of the prior calendar year.”<sup>18</sup>

Under these definitions, Accenture is clearly a larger participant in the student loan servicing market. The Bureau’s 2013 rule is expansive, defining student loan servicing not just as the processing and receipt of payments by student loan borrowers, but also as encompassing “interactions with a borrower to *facilitate* the core servicing activities of receiving and remitting payments or maintaining records and communicating about them with a borrower” (emphasis added). Simply by sending the November 2022 email described above, Accenture was interacting with borrowers during a period when no payments were required, thereby arguably satisfying both the second and third prongs of the CFPB’s definition of “student loan servicing.” More generally, it is not disputed that Accenture’s servicing missives—erroneous or not—reached several million people, far more than would be necessary to cross the “account volume” threshold laid out in the CFPB’s 2013 rule. Moreover, these cancellation emails are only one example of the communications that Accenture regularly engages in with millions of federal borrowers regarding their student loans, communications that clearly constitute student loan servicing.<sup>19</sup>

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<https://www.federalregister.gov/documents/2013/12/06/2013-29145/defining-larger-participants-of-the-student-loan-servicing-market>

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> Accenture describes the services it offers FSA by saying, “Borrowers can call customer service and be immediately connected to an agent with access to all relevant information. They can get immediate support from a virtual assistant wherever and whenever they wish. They can visit a single website or use a feature-rich mobile app. They can receive personalized updates via email or text.” See <https://www.accenture.com/us-en/case-studies/us-federal-government/simplifying-financial-aid>



Accordingly, Accenture already meets the definition of a larger participant in the student loan servicing market for the purposes of the CFPB’s supervisory authority. The CFPB can and should immediately invoke this authority to begin conducting all relevant supervisory examinations of Accenture to ensure that another disaster like the company’s November 2022 email issue does not arise.

**b. Accenture meets the risk-based threshold for CFPB supervision as a consumer financial services company.**

Even if Accenture did not cross the larger participant threshold for CFPB supervision, it would nevertheless be subject to the agency’s supervisory regime via the risks it poses to consumers. As noted above, the set of institutions covered by the CFPB’s supervisory tool includes, inter alia, any non-bank that the CFPB “has reasonable cause to determine . . . is engaging, or has engaged, in conduct that poses risks to consumers with regard to the offering or provision of consumer financial products or services. . . .”<sup>20</sup> The CFPB recently invoked this previously “dormant” authority to begin supervising a broad range of risky non-bank financial firms.<sup>21</sup> Further, the CFPB recently promulgated a procedural rule allowing for the agency to make determinations around the initiation of risk-based supervision public.<sup>22</sup>

There is no doubt that Accenture meets this threshold for risk-based supervision. The nine million borrowers whom Accenture incorrectly told were eligible for loan relief were harmfully misled, sowing mistrust in ED- and FSA-branded communications for all 43 million people with federal student loan debt.<sup>23</sup>

This breakdown could hardly have come at a worse time, as tens of millions of federal student loan borrowers are slated to re-enter repayment in 2023.<sup>24</sup> Most of these borrowers will be receiving their first student loan bill in more than three years, and many will be making their first

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[<https://perma.cc/TP86-XLU7>]. Note that the customer service in question is provided directly by Accenture. For example, the “virtual assistant” mentioned is a proprietary AI chatbot run on Accenture’s Conversational AI Platform. See <https://digital.gov/2020/12/07/federal-student-aids-new-virtual-assistant-offers-model-for-improved-customer-service-in-government/>.

<sup>20</sup> <https://www.law.cornell.edu/uscode/text/12/5514>

<sup>21</sup>

<https://www.consumerfinance.gov/about-us/newsroom/cfpb-invokes-dormant-authority-to-examine-nonbank-companies-posing-risks-to-consumers/>

<sup>22</sup>

[https://files.consumerfinance.gov/f/documents/cfpb\\_public-release-of-decisions-and-orders\\_procedural-rule\\_2022-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_public-release-of-decisions-and-orders_procedural-rule_2022-04.pdf)

<sup>23</sup> <https://studentaid.gov/data-center>

<sup>24</sup> <https://twitter.com/POTUS/status/1595150070285885440?>



payment ever. Successful execution of the return to repayment will require, at a minimum, that borrowers be able to rely on information provided by their government and its representatives. But Accenture's recent failure shows that they cannot. As a result, the risk of a chaotic restart of the student loan system due to faulty information or a lack of trust in instructions provided is greater than it has been at any point since the start of the COVID-19 pandemic. Borrowers may be on the cusp of unnecessarily falling behind on their loans or otherwise facing massive difficulty resuming their payment sequence, all due to Accenture's incompetence.

The CFPB cannot and does not have to allow this outcome to arise. Given Accenture's track record, the CFPB should immediately designate the company as a systemically important firm that requires risk-based CFPB supervision. Accenture has already demonstrated that it poses a danger to federal student loan borrowers. As the nation's top consumer watchdog, the CFPB must apply the framework it has developed for supervising large, risky student loan servicers.

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Harmful breakdowns in federal student loan servicing are not new.<sup>25</sup> For years, however, and with renewed focus under your leadership, the CFPB has served as both a vital shield for student loan borrowers from the fallout of industry failure and as a watchdog eager to hold bad actors accountable. Now, we ask only that the CFPB respond to continued evolution in the student loan servicing space and the risk it poses to the public.

It is long overdue for the CFPB to exercise its authority to supervise Accenture. Millions of student loan borrowers are counting on it to do so.

Sincerely,

Student Borrower Protection Center