Consumer Financial Protection Bureau

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Banks and the Consumer Financial Protection Bureau (CFPB) are aligned with the goal of protecting consumers. Banks earn the confidence of their customers by providing a variety of suitable financial products that meet their customer needs, and banks have every interest in maintaining that trust.

- Our interest is in ensuring consumers have access to the financial products they want and need, while maintaining the protections they deserve.
- From helping customers buy a home, start a business or making transactions safe and convenient, banks of all sizes open doors of opportunity every day.

The Dodd-Frank Act established the CFPB as an independent body within the Federal Reserve.

- CFPB assumed responsibility for most consumer protection laws, but not the Community Reinvestment Act (CRA) or Bank Secrecy Act (BSA).
- The transfer of enforcement, reporting and regulatory authority occurred on July 21, 2011.
- CFPB has very broad authority to curb practices it considers unfair, deceptive, or “abusive.”
- “Abusive” can be very broadly defined, creating an environment conducive to increased litigation and regulatory second-guessing.
- State attorneys general are authorized to enforce CFPB rules.
- CFPB has authority to supervise, examine and take enforcement action with respect to:
  - Depository institutions with more than $10 billion in assets.
  - Non-bank mortgage industry participants, student lenders, debt collectors and other non-bank financial service providers.
  - Prudential regulators retain primary exam and enforcement authority for banks under $10 billion, but CFPB regulations apply to banks of all sizes, effectively setting the standards against which their regulators will examine them. In addition, the CFPB can include its regulators on a “sampling” basis and is authorized to provide input and recommendations to prudential regulators, and require reports and other examination documents.

The CFPB’s leadership style has changed since it opened its doors in 2011.

- Under the leadership of former director Richard Cordray, the CFPB sought to remake entire market for consumer financial products and services through the exercise of its rule-writing authority. It finalized new rules governing all aspects of mortgage disclosure, origination, and servicing. It also finalized rules governing remittance services and prepaid cards. In addition to these sweeping new rules, the CFPB used enforcement actions to “regulate” markets for consumer financial products and services.
- On December 10, 2018, Kathleen Kraninger was sworn in as director of the CFPB to a five-year term. Kraninger is a former Office of Management and Budget official and a former Senate staffer.In her first year, Director Kraninger has:
  - Rejected “regulation by enforcement;”
  - Worked to create a culture of compliance by outlining clear rules of the road and focusing on bank and non-bank supervision;
  - Educated and empowered consumers to make better informed decisions;

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- Underscored the Bureau's commitment to its statutory mandate to "facilitate access and innovation" by finalizing revised No-Action Letter and Trial Disclosure Policies and establishing a Consumer Assistance Sandbox Policy. In addition, the Bureau launched the American Consumer Financial Innovation Network (ACFIN), a bipartisan network of federal and state regulators to facilitate innovation through coordination; and
- Prioritized inter-agency coordination as Chairman of the Federal Financial Institutions Examinations Council (FFIEC).

- **Since its inception, the CFPB's leadership structure — a single powerful director who cannot be removed at will by the president — has been controversial. The Supreme Court has agreed to decide whether it is constitutional by the end of its term in June 2020.**
    - The industry has long supported proposals to strengthen accountability at the CFPB by creating a board or commission structure and subject the agency to the appropriations process, which would address the agency director's unchecked authority to impose new rules that could alter the financial choices available to consumers. A commission would broaden the perspective on any rulemaking and enforcement activity at the Bureau, and the appropriations process would increase congressional oversight. Together they would provide necessary and appropriate public accountability to the exercise of the CFPB's authority
    - Congressional oversight would allow the very consumers who the Bureau was designed to protect to hold it accountable through their elected officials. It would also help ensure the CFPB incorporates smaller community bank perspectives into the rulemaking process, as required by the Dodd-Frank Act.