



Consumer Federation of America

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BANK LOBBYISTS TRY TO GUT CONSUMER FINANCIAL PROTECTION AGENCY

*Consumer Federation of America Calls on Congress to Create
Strong Agency to Establish Fair Credit Rules*

Washington, DC – As President Obama today calls on Americans to stand up to the opponents of a new Consumer Financial Protection Agency, the Consumer Federation of America (CFA) urges members of a key House committee to move the President’s proposal intact without including crippling amendments promoted by bank lobbyists. The House Financial Services Committee is scheduled to begin debate on this proposal on Wednesday, October 14.

“Lobbyists are out in force trying to kill or cripple legislation that would level the playing field between the banking and finance industry and consumers,” said Travis Plunkett, Legislative Director for the Consumer Federation of America. “Americans are fed up with exploding interest rates, incomprehensible credit terms, and outrageous fees. It is time to bring fairness to the credit market by creating a strong, independent Consumer Financial Protection Agency.

A CFA survey found that the majority of Americans (57 percent) support the passage of the Consumer Financial Protection Agency.¹ Minority Americans, whose communities are often targeted by loan companies charging extremely high interest rates, expressed the strongest support in the survey – 79 percent of African-Americans and 70 percent of Hispanics supported the agency -- as did 70 percent of adults under 35 years-of-age.

The survey found that Americans want:

- Banks to disclose all mortgage fees upfront, clearly and conspicuously (89 percent support).
- Banks to disclose on the ATM screen when a withdrawal will overdraw an account (85 percent support)
- Banks to gain the permission of customers before routinely providing loans to cover overdrafts (71 percent support).

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¹ The survey of 1018 people was conducted July 24-27, 2009 by Caravan Opinion Research Corporation. Copies of the research data are available on request.

- Banks to pay checks in the order they are received, as opposed to the current practice of allowing banks to routinely pay the largest first, which drains some accounts more quickly and increases bounced check fees (70 percent support).
- Credit card companies to be prohibited from extending total lines of credit that exceed a person's annual income (67 percent support).
- Credit card companies to be prohibited from increasing the interest rate on one card because of their payment history on another card (63 percent support).

“The same special interests that brought down the economy are now trying to bring down the CFPA,” said Susan Weinstock, CFA’s Director of Financial Reform. “Americans have paid enough for the abuses of big banks. Taxpayer dollars bailed them out because of their recklessness but consumers still have to pay when they are hit with outrageous overdraft fees or unjustified credit card interest rates.

In advance of House action on the President’s CFPA proposal, industry lobbyists are promoting a number of changes to the legislation:

- Take away the agency’s authority to protect consumers from overpriced insurance sold in conjunction with loans, such as credit, title and mortgage insurance.
- Prevent the agency from overseeing car dealers or other retailers that use deceptive or coercive tactics that finance the sale of cars, electronics equipment and other products.
- Block efforts by states to respond to lending problems not addressed at the federal level. This would continue the failed policy of federal “preemption” of states that, for example, tried to rein in predatory mortgage lending.
- Remove agency authority in the President’s proposal that would allow it to examine the books of banks to check their compliance with rules issued by the agency.

“We hope Members of Congress will see through these transparent efforts by banks to cripple the ability of the agency and the states to protect consumers, and will move legislation that will create an effective agency,” said Plunkett.

The Consumer Federation of American is a non-profit association of more than 280 groups that, since 1968, has sought to advance the consumer interest through advocacy and education.