



## Consumer Federation of America

1620 I Street, N.W., Suite 200 \* Washington, DC 20006

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CONTACT:  
Susan Weinstock (202) 387-6121  
Jack Gillis (202) 737-0766

### **SURVEY: AMERICANS WANT CONSUMER AGENCY FOR FINANCIAL PRODUCTS AND SERVICES**

*Consumers strongly support better disclosures, prohibitions on abusive practices.*

Washington, D.C. – A year after the Lehman Brothers bankruptcy froze credit markets and sent the stock market into a nosedive, consumers overwhelmingly want government action to increase consumer protections for financial products and services, according to a new national poll released today by the Consumer Federation of America (CFA). In a country where skepticism about the role of government is high, more than half of those polled (57 percent) support the creation of a new federal agency to protect consumers who purchase banking and other financial products and services. Those most adversely affected by many unfair and deceptive financial practices -- young adults under 35 years (70 percent), African-Americans (79 percent), Hispanic-Americans (70 percent), and low-income persons (69 percent) -- expressed the strongest support for a new consumer protection agency.

“Americans are fed up with the tricks and traps that they confront daily as they purchase and use financial products and services,” said Travis Plunkett, CFA’s Legislative Director. “To add insult to injury, the same firms that benefitted from a taxpayer bailout are hitting consumers with exorbitant and unjustified charges. Americans want a cop on the beat to rein in these abuses, which helped trigger the current economic crisis and have worsened the plight of those hardest hit by the recession. Congress needs to pass the Consumer Financial Protection Agency Act to protect consumers and the economy from abusive financial practices in the future.”

While it is clear that American consumers support the financial protections offered by a Consumer Financial Protection Agency, corporate America is spending millions to convince Congress that it’s a bad idea. Banks and financial institutions and the U.S. Chamber of Commerce have launched a multi-million dollar ad campaign intended to thwart the creation of a Consumer Financial Protection Agency and preserve the regulatory status quo.

President Obama proposed the creation of the Consumer Financial Protection Agency in response to the failure of regulators to rein in lending that helped bring down the economy. Chairman Barney Frank of the House Financial Services Committee and Chairman Christopher Dodd of the House Banking Committee have both strongly endorsed the agency. The House Financial Services Committee is scheduled to take up the legislation to establish the new agency in the next few weeks.

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The poll of 1018 people conducted by Caravan Opinion Research Corporation for CFA asked specifically about mortgage lending, bank practices, and credit cards.<sup>1</sup> The survey showed that, in the wake of the mortgage crisis, Americans overwhelmingly support disclosure requirements on mortgage documents and limits on fees and certain practices:

- 89 percent support (82 percent strongly support) requiring banks to disclose all mortgage fees upfront, clearly and conspicuously.
- 67 percent support (58 percent strongly support) prohibiting banks from charging substantial penalties to borrowers who pay off mortgages early.
- 61 percent support (45 percent strongly support) prohibiting mortgage brokers from collecting additional fees from banks for persuading borrowers to purchase higher-rate mortgages.
- 61 percent support (48 percent strongly support) prohibiting mortgage brokers and banks from selling more expensive subprime mortgage loans to borrowers who qualify for less expensive regular mortgage loans.

Bank practices also are of concern to Americans. They support disclosure requirements and limits on overdraft practices:

- 85 percent support (73 percent strongly support) requiring banks to disclose, on the ATM screen, that a withdrawal will overdraw an account.
- 71 percent support (44 percent strongly support) requiring banks to gain the permission of customers before routinely providing loans to cover these overdrafts.
- 70 percent support (53 percent strongly support) requiring 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.

In spite of the recent enactment of credit card protections by Congress, consumers still believe that additional prohibitions on particular credit card practices are necessary:

- 67 percent support (55 percent strongly support) prohibiting credit card companies from extending total lines of credit that exceed a person's annual income.
- 63 percent support (51 percent strongly support) prohibiting credit card companies from increasing the interest rate on one card because of their payment history on another card.

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

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<sup>1</sup> The survey was conducted July 24-27, 2009. Copies of the research data are available on request.

<b>Survey Question</b>	<b>Strongly Support</b>	<b>Somewhat Support</b>	<b>Somewhat Oppose</b>	<b>Strongly Oppose</b>
Require banks to disclose all mortgage fees upfront, clearly and conspicuously	82%	8%	3%	6%
Prohibit banks from charging substantial penalties to borrowers who pay off mortgages early	58%	9%	6%	25%
Prohibit mortgage brokers from collecting additional fees from banks for persuading borrowers to purchase higher-rate mortgages	45%	16%	9%	26%
Prohibit mortgage brokers and banks from selling more expensive subprime mortgage loans to borrowers who qualify for less expensive regular mortgage loans	48%	13%	12%	22%
Require banks to disclose, on the ATM screen, when a withdrawal will overdraw an account	73%	12%	5%	7%
Require banks to gain the permission of customers before routinely providing loans to cover overdrafts	44%	27%	12%	11%
Require 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, more quickly draining some accounts and increasing bounced check fees	53%	17%	10%	16%
Prohibit credit card companies from extending total lines of credit that exceed a person's annual income	55%	12%	9%	22%
Prohibit credit card companies from increasing the interest rate on one card because of their payment history on another card	51%	12%	9%	26%
President Obama and others have proposed the creation of a new federal agency to protect consumers who purchase banking and other financial services. Would you support or oppose the creation of such an agency?	28%	29%	15%	24%