



Consumer Federation of America

February 26, 2014

RE: Opposition to H.R. 3193, CFPB Rollback Package under Consideration on House Floor This Week

Dear Representative,

On behalf of the Consumer Federation of America and its members, we urge you to oppose H.R. 3193, “Consumer Financial Protection and Soundness Improvement Act of 2013.” This package of bills is designed to weaken the Consumer Financial Protection Bureau and limit, undermine and curtail what the Bureau has already proven that it can do: protect consumers from abusive financial practices. The bill is scheduled for a floor vote this week and we urge you to oppose this legislation.

The Bureau has proved itself to be a transparent, deliberative and data-driven agency that has worked closely with consumers and the financial services industry to develop sensible safeguards against unsafe mortgage lending practices, abusive credit card practices, and unfair and discriminatory financial practices that have harmed consumers and servicemembers.

Like other regulators, the CFPB has an independent budget and a single director accountable to Congress. The Bureau’s confirmed Director, Richard Cordray, regularly appears before Congressional committees to provide details about its rule-writing, supervision and enforcement strategies.

H.R. 3193 includes numerous bills previously passed on party-line votes in the Financial Services Committee, and previously opposed by consumer advocates, that would undermine the CFPB’s ability to protect the public. Taken together, these proposals will undo the important consumer protection gains of the past three years and put consumers and the economy at risk from unsustainable products like mortgages with no consumer ability to repay, abusive collection practices by payday lenders and other harmful practices.

Consumer advocates and the public agree that these products have no place in a fair marketplace and we urge you to oppose H.R. 3193 and any similar proposals designed to prevent the CFPB and prevent it from doing its job.

We are particularly concerned with the following provisions of H.R. 3193 and urge you to oppose any rollback of the CFPB’s authority to protect consumers:

- The bill includes the original H.R. 3193 , which would weaken the CFPB’s independence by strengthening the Financial Stability Oversight Council’s already-unique authority to overturn CFPB rules. The CFPB is already the only agency whose rules can be overturned by other agencies.
- H.R. 3193 includes H.R. 2385 , the so-called CFPB Pay Fairness Act, which would change CFPB pay schedules and make the CFPB the only federal financial regulator to have salaries not based on the Federal Reserve Board’s salary schedules. The salaries at the CFPB must be set at levels necessary to attract the best possible employees and demonstrate that consumer protection plays the same important role in protecting the broader economy as the safety and soundness of financial institutions.

- H.R. 3193 includes H.R. 2446 , the Responsible Consumer Financial Protection Regulations Act, which would revisit the issue of whether the CFPB should be led by a director or a commission. This issue has already been settled. Congress determined that a single director structure, the same structure of both the regional Federal Reserve banks and the OCC, was proper for the CFPB. In addition, while there are financial regulators that are led by five-member boards, there is no evidence that this structure is more effective.
- H.R. 3193 includes H.R. 3519, the so-called Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013, which would eliminate the CFPB's independence from the Congressional appropriations process, singling it out from protections against political interference that are currently granted to the Federal Reserve, the OCC and the FDIC. Subjecting the CFPB to the appropriations process would give the worst elements of the financial services industry endless lobbying opportunities to deny the CFPB the funding to do its job.
- H.R. 3193 also includes H.R. 2571 , the so-called Consumer Right to Financial Privacy Act, which would require the CFPB to protect consumer privacy. CFPB already protects consumer privacy when consumers submit personally identifiable information (PII) to it, under existing privacy protection requirements of Section 1022 of the Dodd-Frank Act of 2010 and when it studies datasets that do not include PII. As Director Cordray and his colleagues have repeatedly testified, the CFPB does not collect information to study individual consumers; rather it collects data—as other regulators do – in order to study markets. A number of privacy organizations have previously indicated that they have no concerns with the CFPB's collection and use of data. The bulk of the CFPB's data collection is of de-identified datasets from industry vendors. The CFPB cannot identify individual consumers from these data because the personally identifiable information (PII) has already been removed.
- The inclusion of H.R. 2571's further amendment to the 1978 Right to Financial Privacy Act (eliminating 12 USC Section 3413(r) of RFPA) would limit the CFPB's supervisory access in a way that is different from that of all other prudential regulators, including the OCC, Federal Reserve, Federal Reserve Banks and the FDIC, among numerous other exceptions provided by Section 3413 (exceptions (a)-(q) would be retained, only (r), affecting the CFPB, would be removed). The agency's data resources help it to fulfill its mandate to examine financial products and act as an advocate for consumers. This is important in allowing the agency to counteract the information edge enjoyed by large banks, which are too often able to offer consumers products that add nothing of value but whose fees add considerably to bank profitability.

The CFPB is the first federal agency with only one job: to ensure a fair financial marketplace for consumers. The Bureau is doing that job well, and much work remains to be done. The bills included in H.R. 3193 would take away the tools the CFPB needs to do its job, undermine its mission and empower the worst elements of the financial industry.

Thank you for your consideration, and we urge you to oppose H.R. 3193 and similar bills designed to restrict the ability of the CFPB to protect the public.

Sincerely,



Rachel Weintraub
Legislative Director and Senior Counsel



Tom Feltner
Director of Financial Services