Statement for the Record

on behalf of

The Consumer Federation of America

on the

United States House Committee on Financial Services

Hearing entitled

"Dodd-Frank Turns 15:

Lessons Learned and the Road Ahead."

July 15, 2025

Dear Honorable Chair Barr and Ranking Member Foster:

Thank you for the opportunity to offer this statement for the record for this hearing.

The Consumer Federation of America (CFA) is an association of nonprofit consumer organizations established in 1968 to advance consumer interests through research, advocacy, and education. Today, more than 250 of these groups participate in the federation and govern it through their representatives on the organization's Board of Directors.

Congress passed Dodd-Frank because it recognized the harm that excessive risk-taking by financial institutions could cause to our economy. When lenders made loans without consideration of their safety, it led to a financial crisis. Millions of households lost their homes, jobs, businesses, and life savings. The crisis had lasting effects on small business lending. When credit markets seized, businesses could not qualify for new loans. Immediately after the crisis, virtually no credit was available to small businesses. Through 2012, total lending by banks to small businesses remained 40 percent below its pre-crisis level.[1]

The roots of the crisis revealed the interconnectedness of financial markets. It showed how the failure of one large institution could ripple across our economy. The deterioration in housing markets created the forces that led to the collapse of the government-sponsored enterprises. The failure of companies like Lehman Brothers and Bear Stearns did not end with their demise; instead, it triggered further disruptions. The destabilization of companies operating in seemingly separate markets, such as money market funds and insurers, quickly followed. The immediate and widespread contagion revealed the need for an agency that could identify how risks were interconnected.

To address these problems, the Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR) were established to monitor the financial system, address systemic risks, and enhance information sharing among agencies. SIFIs were subjected to Federal Reserve supervision, regulators received new tools for orderly liquidation, and a comprehensive framework for regulating swaps markets was established.[2]

At the same time, the crisis made clear to policymakers that existing regulatory agencies were not adequately attuned to the financial stability of regular people. The crisis exposed the lack of federal supervision of non-banks.

Congress created the Consumer Financial Protection Bureau (CFPB) to introduce a new kind of regulator – the first financial regulator solely dedicated to protecting the interests of consumers and small businesses. It gave the CFPB authority over 18 federal financial protection laws. It also called for the CFPB to establish special divisions for ensuring the economic stability of servicemembers, older Americans, and underserved communities.[3] It structured the agency to have independence from political pressure.

Since its introduction, the CFPB has worked diligently to make financial products and services safer. The effect has been to create a safer marketplace without constraints to credit or services. Indeed, consumers have access to more credit than at any time in history.[4] Many new financial products have been created, brought to market, and adopted in the last fifteen years. Growth has been the most dramatic in the non-bank financial product sectors where the CFPB serves as the

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[1] Cole Rebel. "How Did Bank Lending to Small Business in the United States Fare After the Financial Crisis?" Economic Studies. Small Business Administration, January 1, 2018. https://advocacy.sba.gov/2018/01/01/how-did-bank-lending-to-small-business-in-the-united-states-fare-after-the-financial-crisis/.

[2] US Government Accountability Office. "Financial Stability Oversight Council: Further Actions Could Improve the Nonbank Designation Process," July 20, 2015. https://www.gao.gov/products/gao-15-51.

[3] 12 U.S.C. § 5493(b)(2)

[4] Federal Reserve Bank of New York. "Household Debt and Credit Report." Quarterly Household Debt and Credit Report. Center for Microeconomic Data. Accessed July 9, 2025. https://www.newyorkfed.org/microeconomics/hhdc.

primary federal regulator. The CFPB, until the recent dramatic shift in its course, has provided significant benefits to consumers and the market.

Consumer protections should not be compromised through preemption of state law or issuance of safe harbors and special exemptions.

1) *CFA opposes the Small Dollar Loan Certainty Act (SDLCA).*

The SDLCA established a safe harbor for qualifying loans, exempting their providers from liability for violations of the Truth in Lending Act. It shields a lender from civil money penalties due to an enforcement action from the Consumer Financial Protection Bureau (CFPB), the prudential banking regulators, or the National Credit Union Administration (NCUA). The rule insulates banks as well as third-party non-banks that partner with depositories to provide small-dollar credit.

The Truth in Lending Act (TILA) requires lenders to disclose the terms and costs of loans through a standardized format. It permits applicants for credit to compare credit offers, leading to more suitable choices and maximizing competition. It prevents lenders from engaging in deceptive or unfair lending practices. The bill's scope encompasses all loans made by depository institutions, either directly or through a bank partnership with a non-bank.

Lenders already have certainty about compliance with TILA. The prudential regulators publish an interagency guidance outlining principles for responsible small-dollar loans.[5] Empirically, the Consumer Financial Protection Bureau has provided ongoing examples through the publication of supervisory highlights to show how lenders can make small-dollar loans in a manner that complies with regulations. As recently as 2023, for example, the CFPB explained how its examiners review short-term, small-dollar loan products for compliance across various areas, including marketing and origination practices.[6]

The benefits of the bill are one-sided. While lenders receive a safe harbor, credit users gain nothing and lose necessary legal privileges. The bill negates a private right of action for individuals to seek remedies when a lender's practices harm them. The safe harbor eliminates their ability to seek damages or other monetary relief.

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[5] Office of the Comptroller of the Currency. "Small-Dollar Lending: Interagency Lending Principles for Offering Responsible Small-Dollar Loans," May 20, 2020. https://www.occ.gov/news-issuances/bulletins/2020/bulletin-2020-54.html.

[6] Consumer Financial Protection Bureau. "Short-Term, Small-Dollar Lending (Payday) Examination Procedures." Supervision and Examinations, August 8, 2023. https://www.consumerfinance.gov/compliance/supervision-examinations/short-term-small-dollar-lending-payday-examination-procedures/.

2) *CFA opposes the Credit Access and Inclusion Act of 2025.*

The Credit Access and Inclusion Act would preempt strong state privacy protections for utility customers and tenants. It changes the Fair Credit Reporting Act to permit utilities, landlords, debt collectors, courts, and others to report payment information "notwithstanding any other provision of law" to credit bureaus or other consumer reporting agencies. Many states have laws in place that prohibit utility companies from sharing information about a customer's payment history without obtaining consent. This bill would preempt those laws.

The bill's supporters falsely claim that it will help "credit invisible consumers" by adding new information to their credit reports. In fact, if passed, it would deprive consumers of control over how their payment records are shared. Some states have laws that prohibit or restrict the reporting of rental payments. Because eviction records are frequently incorrect, outdated, or no longer valid due to expungement, states have developed legal protections for their dissemination. Tenants have the right to withhold rent because of poor conditions in a unit. Unfortunately, this bill would give a landlord a cudgel to compel tenants to pay regardless of a unit's habitability. These protections and others already put in place by states, counties, and municipalities could be preempted by this dangerous bill.

CFA opposes legislation that places unnecessary procedural hurdles on the efficient functioning of the CFPB and other financial regulators.

1) *CFA opposes the discussion draft to create new restrictions on guidance by the CFPB.*

The steps outlined in this discussion draft would limit the CFPB's ability to protect consumers from risky financial products and services. It creates significant procedural hurdles for even the smallest guidance-related activities, and it employs an expansive definition of guidance that encompasses steps as simple as publishing a press release or a blog post.

Guidance is an essential regulatory tool. It comes in many forms: supervisory highlights, FAQs, examination manuals, bulletins, advisory opinions, interpretive rules, compliance guides, and others. Guidances provide clarity for companies to understand how they can comply with regulations, and as such, they are generally appreciated by well-intentioned companies.

Guidances are the opposite of "regulation by enforcement." They illuminate an agency's views on how it will enforce a regulation. Guidance should help a company to avoid trouble. Repeatedly, companies ask for "clarity" on a regulation. Guidances provide that benefit.

It would be a mistake to obstruct the development of guidance. It can – and some would say it should – take years to add to an existing rule through all formal rulemaking. The expediency of guidance can help regulatory agencies keep pace with rapidly evolving market dynamics. Anyone should want an agency to have the ability to issue guidance quickly. Indeed, many companies might refrain from entering emerging markets without guidance from the relevant regulators.

This bill aims to create inflexible restrictions that would make regulation less agile, less responsive, and less transparent. Its effects would be harmful to consumers and financial companies.

2) *CFA opposes the discussion draft that requires attestation of information as a condition of submitting a complaint to the CFPB Consumer Complaint Database.*

The text of this discussion draft would impose new requirements for submitting complaints to the CFPB. By warning complaint filers that their statements must be factual, under penalty of perjury, it will deter many well-intentioned people from completing their complaint. These ideas are nothing more than scare tactics designed to intimidate people. When seeing the proposed language, some individuals will wonder if they should seek legal counsel before filing a complaint. Many will stop the complaint without completing it.

This tactic could even lead to debanking. Financial institutions may close accounts when they receive a notice from the CFPB of a complaint by one of their customers. From their view, closing an account would cut off a consumer's access to information. It would prevent those customers, or their legal representatives, from accessing account records. It would increase the burdens for any investigation.

Equally troubling is the additional requirement in the draft to seal complaint narratives from the public. One of the benefits of the complaint database has been its ability to inform external stakeholders. For example, many state regulators regularly refer to the narratives to identify problems inside their jurisdictions. Sealing the records does not confer any countervailing benefit to the public.

The public relies on the complaint database. For example, servicemembers have submitted more than 323,000 complaints. In 2022, they submitted more than 64,000 complaints. Complaints filed by service members have increased dramatically in recent years.[7] The CFPB's supervision and enforcement divisions use the complaint data received from servicemembers to ensure they identify risky practices affecting this important population.

3) *CFA opposes the discussion draft that requires the Federal Financial Institutions Examination Council (FFIEC) to conduct recurring audits of federal financial regulations.*

The discussion draft calls for the FFIEC to conduct a review of all federal financial institution regulations every three years, beginning within one year of the passage of legislation, to assess a wide range of questions about the impacts of existing regulations.

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[7] Consumer Financial Protection Bureau. "Office of Servicemembers Annual Report," June 20, 2023. https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report_2022.pdf.

Such a rule would lead to substantial uncertainty in the market. It would increase the chance that any rule could be revised, weakened, strengthened, or eliminated. Every three years, market participants would wait for the conclusions of this agency.

This bill would place enormous responsibility on the FFIEC. In effect, the FFIEC would need to build a staff whose subject-matter expertise rivaled that of all the financial regulators with statutory authority over the regulations under review. The draft could be interpreted to put the FFIEC in the position of having to review the conclusions of scores of regulators. For example, the FFIEC would be tasked with evaluating the benefits and costs of how the Federal Reserve conducts consolidated supervision of bank holding companies, if the FSOC has properly designated certain non-bank financial companies as systemically important financial institutions, or how the FDIC monitors third-party relationships with community banks. The FFIEC would need to conduct a cost-benefit analysis for each function and assess the impacts on credit availability and market liquidity.

In practice, the report would not come with the power to effect the changes it might call for in regulation. If a report labeled a regulation as duplicative or inefficient, it would only be a suggestion and would primarily serve as a talking point for partisan political views. Unfortunately, taxpayers would bear the additional costs required to support the FFIEC's new obligation, without any associated benefit. This impractical idea should be shelved.

4) *CFA opposes the Civil Investigative Demand Reform Act (CIDRA)*

The CIDRA makes it more difficult for the CFPB to initiate a civil investigative demand (CID), eases the path for financial companies to challenge a CID, establishes a mechanism for companies to petition courts to halt a CID, requires confidentiality, and imposes a statute of limitations on the issuance of new CIDs.

Congress gave the CFPB the authority to issue CIDs. The CID is an essential investigative tool. It is the functional equivalent of a subpoena. Moreover, the power granted to the CFPB to issue a CID is not unique. Other law enforcement agencies, including the Federal Trade Commission and the Department of Justice, have similar powers.

Existing rules governing CIDs provide companies with rights. For example, the CFPB still has to demonstrate "good cause" and provide a "notification of purpose" to the company.[8] Moreover, companies already have the right to petition the CFPB to set aside a CID, so this bill is seeking a remedy for a problem that does not exist.[9]

[8] Consumer Financial Protection Bureau. "Investigatory Authority," December 12, 2024. https://www.consumerfinance.gov/enforcement/investigatory-authority/.

[9] For example, see Decision and Order on Petition by National Credit Systems, Inc. to Set Aside Civil Investigative Demand. https://files.consumerfinance.gov/f/documents/cfpb_national-credit-systems-inc_decision-and-order-on-petition_2023-1.pdf

A requirement that CIDs remain confidential would undercut the rights of many shareholders to have full and complete information on the status of their financial commitments. While a CID is not evidence of wrongdoing, it does present regulatory risk. The Securities and Exchange Commission requires registered companies to disclose risks promptly.[10]

5) CFA Opposes the Rectifying Undefined Descriptions of Abusive Acts and Practices Act.

This bill requires the CFPB to establish criteria for determining whether an action meets the definition of abusive and limits the scope of UDAAPs. The bill was introduced in the last Congress.

The request made by the bill overlooks the fact that a set of standards already exists to define an abusive practice. The Consumer Financial Protection Act provides two tests for abusiveness:

An abusive act or practice: (1) Materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service; or (2) Takes unreasonable advantage of:

- A lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service;
- The inability of the consumer to protect the interests of the consumer in selecting or using a consumer financial product or service; or
- The reasonable reliance by the consumer on a covered person to act in the interests of the consumer.[11]

In 2023, the CFPB published a policy statement that provides additional clarity on how it interprets the abusiveness prohibitions.[12]

Efforts to predetermine when a practice could reach the threshold for abusiveness ignore historical precedent. Financial markets evolve continuously. Many of the most dangerous practices leading up to the financial crisis had only been introduced into the marketplace recently. For example, no precedent existed for "no doc stated income" loans. It was only after they became popular that the actual impact of their risks was understood.

The CFPB has provided guidance, and history has provided the lessons, to show why it would be a mistake to hinder or obstruct the use of the abusiveness prohibition. The proposal would take away an essential tool for the agency.

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[10] Eva Su. "SEC Securities Disclosure: Background and Policy Issues." Congressional Research Service, August 20, 2024. https://www.congress.gov/crs-product/IF11256.
[11] CFPA section 1031(d), 12 U.S.C. 5531(d).

[12] Consumer Financial Protection Bureau. "Policy Statement on Abusiveness," April 3, 2023. https://www.consumerfinance.gov/compliance/supervisory-guidance/policy-statement-on-abusiveness/.

6) CFA opposes the Transparency in CFPB Cost-Benefit Analysis Act."

This bill mandates the CFPB to publish a justification for proposing a rulemaking, conduct cost-benefit analyses using both quantitative and qualitative information, and make their research designs publicly available.

By requiring the CFPB to analyze the costs and benefits of any regulation, in a format that includes the costs to financial companies, this bill would sever the linkage between the agency and its mission. Consumer protection is not conditioned on the cost of compliance with laws. In fact, all things being equal, a company that bends rules should incur higher compliance costs than one that adheres to regulations from the outset. This bill would make their spending a cost to be balanced against the need for consumer safety in a counterproductive zero-sum framework.

This bill would create a bureaucratic hurdle that would slow down the agency's ability to address risk in financial markets. It would create new grounds for companies to challenge the agency's work, even though companies already deploy a full quiver of tactics to slow down progress.

In its rule-writing processes, the CFPB has solicited input from small businesses. It has consistently fulfilled the requirements of the Small Business Regulatory Enforcement Fairness Act (SBREFA) by taking comments and holding hearings. The CFPB proactively engages with small businesses by sending outreach materials, inviting small businesses to attend panels, and accepting comments. It issues reports after convenings to ensure the inputs received from small businesses are captured. The CFPB has held 11 interagency SBREFA panels.[13]

CFA opposes legislation that would reduce funding for the CFPB, subject it to appropriations, or undermine its independence.

1) CFA opposes the CFPB Budget Integrity Act.

The CFPB Budget Integrity Act requires the CFPB to forward all but 5 percent of unspent funds it has accrued to the Department of the Treasury.

The effect of this bill would be to deplete the CFPB's accounts at the end of each fiscal year. This would leave the CFPB illiquid during the time between the end of a fiscal year and the receipt of new funding. At the end of April 2025, the CFPB held $350 million for future general expenses.

The bill would jeopardize the CFPB's liquidity. In 2024, the CFPB requested $729 million—an amount that was almost $100 million less than it was entitled to under the terms of the Dodd-

[13] Consumer Financial Protection Bureau. "Small Business Review Panels," December 12, 2024. https://www.consumerfinance.gov/rules-policy/small-business-review-panels/.

Frank Act.[14] Under the framework outlined in the bill, the CFPB would have to forward $332.5 million to the Treasury Department, leaving it with only $17.5 million. That sum, in the context of FY2024 expenses, would permit the CFPB to cover its costs for only 8.8 days. Unless it received new funds almost immediately, it would be at risk of being unable to meet payroll.

This bill is a draconian plan to weaken the operational viability of the CFPB. It ignores the fact that the CFPB has statutory obligations to meet. CFA strongly opposes it.

2) *CFA Opposes the Taking Account of Bureaucrats' Spending (TABS) Act*

As with previous versions of the TABS Act, this bill subjects the CFPB to Congressional appropriations.

Congress made the CFPB independent because it understood how political pressure had influenced the judgment of financial regulatory agencies in the events leading up to the financial crisis.[15] It recognizes how lobbies could "capture" an agency and prevent it from doing its job. The CFPB was not the first case of Congress choosing to insulate a regulator from politics. In fact, all of the prudential banking regulators are also funded outside of appropriations. As a result, Congress chose to fund the CFPB from the proceeds of the Federal Reserve. This has been the case since the CFPB's launch.

Putting the CFPB under the pressure of appropriations might help lobbyists, but it would pose risks to the financial security of consumers and small businesses, and ultimately to our entire economy. A lack of regulatory independence contributed to the decisions that led to the financial crisis. We strongly oppose the TABS Act.

3) *CFA opposes the discussion draft that would divert Civil Penalty Fund (CPF) resources to the Department of the Treasury.*

This discussion draft would leave many victims without redress. The CPF holds funds in reserve to provide remedies for victims of companies that are no longer solvent or that cannot otherwise pay the entirety of the redress due.

Holding funds in reserve is a sensible solution to a real problem. The need is evidenced by the fact that reserves have been used repeatedly to ensure victims receive the remedies they deserve. In 2013, when a credit repair company entered bankruptcy and was unable to pay the $132.4 million it owed in redress, the CFPB used funds from the CPF to compensate victims. Last year, the CFPB used the CPF to distribute $384 million to victims of online payday lender Think

[14] Congressional Research Service. "The Consumer Financial Protection Bureau Budget: Background, Trends, and Policy Options," June 16, 2025. https://www.congress.gov/crs-product/R48295.

[15] The Financial Crisis Inquiry Commission. "The Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States," January 2011. https://fcic-static.law.stanford.edu/cdn_media/fcic-reports/fcic_final_report_full.pdf.

Finance. Using the CPF, the CFPB sent funds to residents living in all 50 states, the District of Columbia, Puerto Rico, and servicemembers stationed overseas.[16]

Through the end of 2022, the CFPB has distributed approximately $650 million to victims of companies that were unable to pay redress.[17]

The independent Office of Inspector General of the Board of Governors commended the CFPB for its implementation of the CPF during its 2024 audit of the program. It said that the CFPB fulfilled Congress's intent to have a fund of this kind.[18]

Balances in the Civil Penalty Fund must remain inside the CFPB to ensure all victims of financial risk-taking can receive the remedies they deserve.

4) *CFA opposes the Bureau of Consumer Financial Protection Commission Act (BCFPCA)*

The BCFPCA transforms the CFPB from an agency led by a single Director to a Commission led by five people, with conditions applied to ensure the composition of the Commission includes representation from different professional backgrounds and political affiliations.

Compared to a Commission, a single Director permits an agency to move more swiftly. It allows for streamlined decision-making. Separately, when multiple criteria are in place to determine the composition of a Commission, replacing members could become very difficult.

We support the single Director structure.

5) *CFA opposes the discussion draft that would place the Office of Financial Research (OFR) and the Financial Stability Oversight Council under appropriations.*

The OFR and FSOC must remain independent of political pressure. Currently, the FSOC and the OFR are funded through assessments placed on systemically important financial institutions (SIFIs) and bank holding companies (BHCs) with assets exceeding $50 billion.

The OFR is an independent agency that provides objective information to FSOC and other stakeholders to monitor the financial system for systemic risk. The choice of an independent structure was not accidental. The motivation to protect the OFR from political pressure was driven by hard lessons learned in the financial crisis.

The OFR's remit is to take a uniquely broad view across many different financial markets. Unlike the prudential banking regulators, it reviews shadow banking markets. Shadow banking

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[16] Consumer Financial Protection Bureau. "CFPB Distributes $384 Million to 191,000 Victims of Think Finance's Illegal Lending Practices," May 14, 2024. https://www.consumerfinance.gov/about-us/newsroom/cfpb-distributes-384m-to-191k-victims-of-think-finances-illegal-lending-practices/.

[17] Office of Inspector General. "The CFPB Effectively Designed a Process to Allocate Surplus Civil Penalty Funds and Monitored Contractor Payments to Victims." Audit Report. Board of Governors of the Federal Reserve System, June 10, 2024. https://oig.federalreserve.gov/reports/cfpb-civil-penalty-fund-jun2024.pdf.

[18] Ibid.

activities, including repo markets and hedge funds, pose significant risks to the financial system. Likewise, FSOC monitors for risks caused by interconnectedness among SIFIs and large BHCs. FSOC provides an important information-sharing function between various federal and state financial regulators.

These agencies serve the public interest by monitoring for excessive risk-taking by large financial institutions. Implicitly, they protect the public fisc and the taxpayer from the risk of bailing out financial institutions that are too big to fail.

Without a source of truly independent information, short-term political aspirations could lead to decisions that foster systemic risk. To fulfill their responsibilities, it is essential that these agencies can operate independently of political pressure. Subjecting their funding to the appropriations process is a mistake.

6) *CFA Opposes the FDIC Board Accountability Act.*

This bill would remove the place reserved for the CFPB Director from the Board of the Federal Deposit Insurance Corporation (FDIC).

The Board of the FDIC has five members, of which three are appointed by the President and confirmed by the Senate, and two ex officio members. The ex officio members are the Comptroller of the Currency and the Director.

It is vital that financial regulators share information. By including the Director on the Board, the FDIC can benefit from the knowledge and insight of the financial regulator focused exclusively on consumer financial security. The CFPB's ability to receive complaints from consumers makes it a unique and essential source of information for identifying emerging risks in retail financial markets.

CFA views on other bills and discussion drafts

1) CFA Opposes the Small LENDER Act

The discussion draft for the Small LENDER Act delays implementation of Section 1071 for ten years.

Congress passed Section 1071 to provide transparency in small business lending markets. It required lenders to submit data on small business lending to the CFPB and for the CFPB to publish the results in a format accessible to the public.

Section 1071 was inspired by the success of the Home Mortgage Disclosure Act (HMDA) database. Many stakeholders have utilized HMDA data. HMDA data has been an essential tool for community groups who seek to understand how a bank is allocating credit within its branch footprint. HMDA data has also been used by journalists, state and municipal governments, investment analysts, and financial institutions. Prudential regulators rely on HMDA data for community reinvestment examinations. Small business lending markets deserve the same benefits.

It is not reasonable to further delay Section 1071's implementation. The CFPB took over ten years to complete the initial rulemaking. It went through a comprehensive process of consultation with the public, including a small business review and public hearings. The CFPB has taken input from all stakeholders. After more than a decade of waiting, any further delay in implementing the rule is unacceptable.

2) *CFA supports the discussion draft of the American Access to Banking Act, which aims to improve the process for de novo applications.*

The number of new banks opened in the United States has declined over the last decade, while many existing banks have been consolidated through mergers. These patterns have changed the composition of depositories in at least two significant ways. First, there are fewer banks and credit unions. Secondly, many entrepreneurs who consider starting a bank instead opt to enter into a contractual agreement with a bank partner.

The bank partnership model has introduced new risks for consumers. The banking-as-a-service (BaaS) model at the heart of this approach has fundamental shortcomings. It separates banks from their customers, dislocates deposit-taking from community reinvestment, and allows non-bank companies to perform banking activities.

The cost of seeking a charter is a part of the problem. While some applicants have the resources to spend $100 million to receive a national charter,[19] other potential applicants will not. Applicants with substantial budgets can hire top law firms to advise them on navigating the application process. Those without the same resources would benefit from stewardship.

The bill would establish a single point of contact for entrepreneurs seeking to apply for a de novo charter. It would also set up a structure for mentorship. These benefits will expand opportunities for bank formation. The straightforward solution outlined in this bill will help address some of those inequities. In practice, this structure could lead to an increase in the diversity of our banking sector. It could increase the number of successful applications from traditionally undercapitalized organizations such as minority depository institutions, community development financial institutions, and other community banks.

3) *CFA opposes the discussion draft to eliminate the CFPB's market monitoring function.*

The text in the draft would strike one of the CFPB's critical functions. When Congress passed the Consumer Financial Protection Act, it established a division in the CFPB to provide research

[19] Sloan, Dylan. "Varo, The First Fintech To Receive A National Bank Charter, Now Facing Cash Crunch." Forbes. Accessed July 8, 2025. https://www.forbes.com/sites/dylansloan/2022/06/23/first-fintech-to-receive-national-bank-charter-now-facing-cash-crunch/.

on covered markets. Since then, the CFPB has used the market monitoring function to inform its work.

Market monitoring reports are non-partisan observations, published without bias, that provide essential understanding to the CFPB as well as to external stakeholders.

- In 2022, the CFPB published a blog revealing the relationship between rising car prices and the performance of outstanding auto loans. Consumers were taking out longer-term loans, agreeing to significantly higher monthly payments, and encountering additional difficulties in managing their debt loads.[20]
- In 2025, the CFPB published a report on auto lending to servicemembers. It found that servicemembers paid more for identical cars than non-servicemembers did, were more likely to trade in a vehicle with negative equity, and more likely to have purchased an "add-on" product. These developments drew attention to the fact that service members were receiving adverse treatment when seeking automobile financing.[21]
- In 2024, the markets team published a critical report showing how payment processors were charging fees to accept payments from parents paying for school lunch fees. The report revealed parents were paying an average of $2.37 per transaction to add funds to their children's school lunch accounts. Some processors capped the amount that could be added at any one time to maximize the charges they could collect. Lower-income parents were paying approximately 8 cents in fees for every dollar loaded onto the account.[22]
- In 2025, the CFPB published a report warning that over 400,000 homes in the southeast and central southwestern parts of the United States were underinsured for flooding events. It highlighted that some maps may not accurately reflect the risk of flooding to homes, including inland areas.[23]

The market monitoring function provides crucial evidence to inform decision-makers about events occurring in communities across the nation. Most staffers from the markets team have experience working inside industry. They possess the skills necessary to identify emerging trends quickly. It would be a mistake to terminate its work, as called for in this discussion draft.

[20] Kukla, Chris, and Ben Litwin. "Market Monitoring Insights: Examining the Potential Credit Impact of High Vehicle Costs for Consumers." *Consumer Financial Protection Bureau* (blog), September 19, 2022. https://www.consumerfinance.gov/about-us/blog/market-monitoring-examining-potential-credit-impact-high-vehicle-costs-for-consumers/.

[21] Consumer Financial Protection Bureau. "Auto Lending to Servicemembers." Industry and Markets, January 29, 2025. https://www.consumerfinance.gov/data-research/research-reports/auto-lending-to-servicemembers/.

[22] "CFPB Highlights the Hidden Costs of Health Savings Accounts." Issue Spotlight. Consumer Financial Protection Bureau, May 1, 2024. https://www.consumerfinance.gov/about-us/newsroom/cfpb-highlights-the-hidden-costs-of-health-savings-accounts/.

[23] Consumer Financial Protection Bureau. "Flood Risk and the U.S. Mortgage Market," January 13, 2025. https://www.consumerfinance.gov/data-research/research-reports/flood-risk-and-the-us-mortgage-market/.

Conclusion

Thank you for the opportunity to provide comments for the record.

It would be a mistake to view the recovery of credit markets as a reason to dismantle the regulatory framework that helped our country emerge from the financial crisis. In the early 2000s, a rush to deregulation created the opening for interconnected firms to take on enormous risk. It appears that some in Congress are on the verge of forgetting just how dire things were in 2009. Unemployment skyrocketed, millions of people lost their homes, and the average household lost a sizable share of its life savings. Trillions of dollars in wealth disappeared.

Dodd-Frank was the result of bipartisan action in Congress to address the forces that caused the financial crisis. It closed loopholes in regulatory oversight on multiple levels. Through supervision, it has identified practices that posed risks. Through enforcement, it has returned more than $20 billion to individuals who were harmed by unsafe policies.[24] Its research has served to inform decision makers. The CFPB has responded nimbly, often through the use of guidance, to keep its regulatory efforts current with rapidly changing consumer financial markets.

Fifteen years later, it is clear that Dodd-Frank did not close the door on financial opportunities. Credit markets remain accessible. By relevant measures, financial institutions have never been more willing to supply credit to consumers. Outstanding credit card debt stood at $1.18 trillion at the end of March, only slightly below an all-time high.[25] Outstanding consumer motor vehicle debt exceeded $1.55 trillion, which, although not an all-time high, was only slightly below the record reached in the fourth quarter of 2024. Outstanding student loan debt rose above $1.8 trillion this year – an all-time high. [26] At the end of 2024, US households held $13 trillion in mortgage debt – the most on record and almost four trillion more than when Dodd-Frank was passed in 2010.[27] The work of the CFPB has not dampened the supply of credit.

Dodd-Frank did not stifle innovation in financial markets, either. There are now approximately 10,000 fintech companies. Arguably, the level of innovation in the ways that people borrow, save, and pay has never been greater.

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[24] Consumer Financial Protection Bureau. "Enforcement by the Numbers," January 30, 2025. https://www.consumerfinance.gov/enforcement/enforcement-by-the-numbers/.

[25] Federal Reserve Bank of New York. "Household Debt and Credit Report." Quarterly Household Debt and Credit Report. Center for Microeconomic Data. Accessed July 9, 2025. https://www.newyorkfed.org/microeconomics/hhdc.

[26] Board of Governors of the Federal Reserve System. "Federal Reserve Board - Consumer Credit - G.19." Consumer Credit. Accessed July 9, 2025. https://www.federalreserve.gov/releases/g19/current/.

[27] Federal Reserve Bank of New York. "Household Debt and Credit Report." Quarterly Household Debt and Credit Report. Center for Microeconomic Data. Accessed July 9, 2025. https://www.newyorkfed.org/microeconomics/hhdc.

The CFPB has been a champion for working Americans and a steward of their financial stability. It has empowered consumers to bring complaints when financial institutions treat them poorly. The CFPB remains the only federal financial regulator with special offices dedicated to protecting servicemembers and older Americans. If the CFPB has enemies on Wall Street, it is only because it has been so successful in protecting the interests of households and small businesses on Main Street.

Please reach out if CFA can provide any clarifications or additional information.

Sincerely,

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