## ISSUE: Protect the CFPB and its Director From Attacks That Limit Their Ability to Ensure a Fair and Transparent Financial System

The Consumer Financial Protection Bureau (CFPB) has been under fire from Wall Street and some members of Congress since its very inception. The agency was created by the Dodd-Frank Act in 2010 and aims to ensure that financial markets work for consumers, responsible providers, and the economy as a whole. It protects consumers from unfair, deceptive, or abusive practices and takes action against companies that break the law. The CFPB's jurisdiction includes traditional lenders such as banks and credit unions, but extends also to securities firms, payday lenders, mortgage servicing operations, foreclosure relief services, debt collectors, and other financial companies operating in the United States.[2]

***CFPB Director Richard Cordray***: Currently, there are calls from across the financial services sector and by some in Congress to fire the agency's inaugural director, Richard Cordray. Congress supported the CFPB's independence by enacting protections against the removal of its director. The Dodd-Frank Act permits the president to remove the director only "for inefficiency, neglect of duty, or malfeasance in office."[3] CFPB Director Richard Cordray has not met that definition, and has been a tireless and effective leader of the CFPB.

***CFPB's Funding and Structure***: While no other bank regulator is subject to the annual appropriations process in Congress, opponents of the CFPB have suggested making the CFPB subject to annual appropriations, thereby tying its funding to the political winds of Congress instead of letting it operate as the independent agency it was designed to be. Along with the CFPB, the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) are funded independent of Congress' annual appropriations process through bank fees, in order to insulate them from political pressure and manipulation by big-bank political donors.

Another proposal would replace the single, accountable director with a board of directors or make it a commission. There is nothing unprecedented about the current structure of the CFPB. In fact, the much larger OCC has been led this way since it was established in 1863.[4] In addition to the OCC, single directors head both the Federal Housing Finance Agency (FHFA) and the U.S. Social Security Administration.

Other congressional proposals designed to undermine the CFPB's effectiveness include efforts to strip the agency of supervisory authority, remove its enforcement authority over unfair and deceptive acts and practices, and limit its rulemaking power, among others.

2 CFPB, *Institutions Subject to CFPB Supervisory Authority*, CFPB Website.

3 12 U.S.C. § 5491

4 OCC: *About the OCC*, OCC Website.

There are multiple mechanisms already in existence to ensure the CFPB's accountability and transparency. The CFPB must report twice a year to Congress[5] – an obligation shared only with the Federal Reserve System. The Financial Stability Oversight Council (FSOC) has the authority to veto the CFPB's (and no other financial regulator's) rules.[6] The CFPB is also accountable to the independent Inspector General for the Federal Reserve System's Board of Governors and to the Government Accountability Office (GAO). The GAO, both on its own behalf and in response to congressional requests, has conducted oversight and audits of the CFPB on repeated occasions. Also, CFPB rules and enforcement actions can be and have been challenged in federal court.

***CFPB's Payday Lending Rule***: Among the rules that the CFPB is working to finalize is its proposed rule to better regulate high-cost consumer lending, including payday loans. The agency's payday lending rule is critical to addressing the rise in predatory lending seen following the financial crisis.

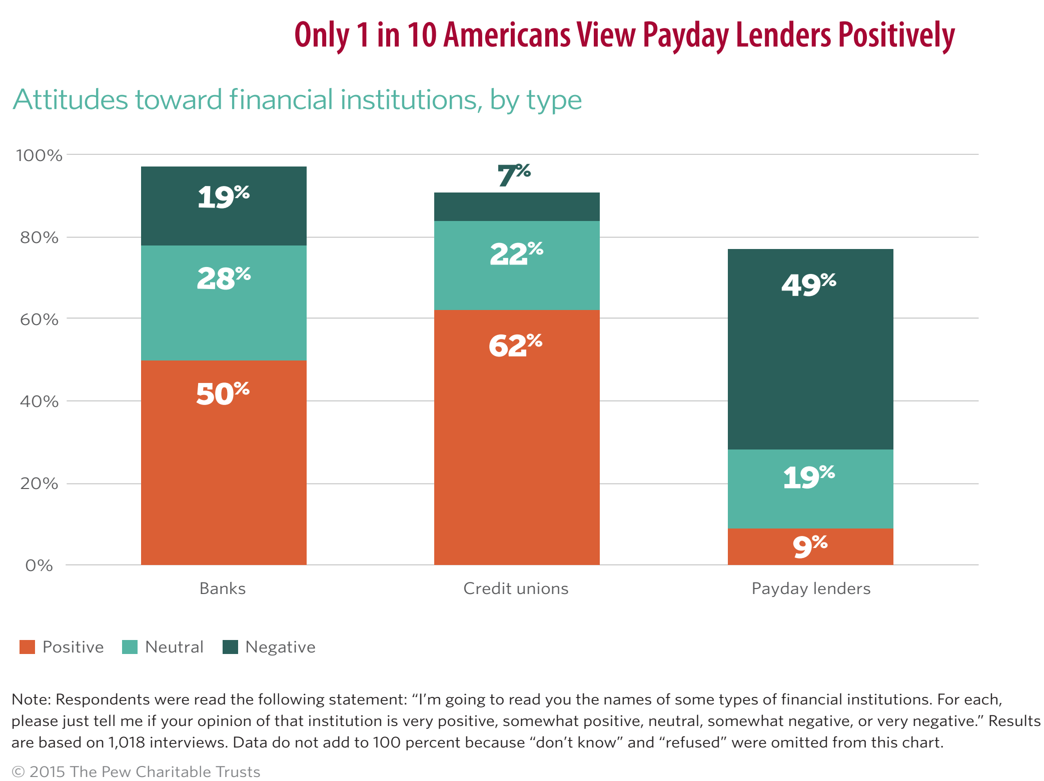


FIGURE 15. Source: The Pew Charitable Trust

5 Cutter, Stephanie. "Fact Check: The Real Reasons Republicans in Congress are Blocking Richard Cordray at CFPB." The White House. October 6, 2011.

6 Financial Stability Oversight Council, *About FSOC*, FSOC Website, see https://www.treasury.gov/initiatives/fsoc/about/Pages/default.aspx; Board of Governors of the Federal Reserve., *Is the Federal Reserve accountable to anyone?* see https://www.federalreserve.gov/faqs/about_12798.htm (June 17, 2011).

## Who Can Act:

The U.S. Congress, the U.S. House of Representatives and U.S. Senate Appropriations and Budget Committees

## NCRC's Position:

Congress should not attempt to weaken the power of this critical agency that has already done a great deal to protect consumers and create a safer financial system free from fraud and abuse.

NCRC opposes the Financial CHOICE Act 2.0, to be sponsored by Representative Jeb Hensarling (R-TX-4), Chairman of the House Financial Services Committee, and any similar proposal by Senator Mike Crapo (R-ID), Chairman of the Committee on Banking, Housing and Urban Affairs. The Financial CHOICE Act proposes a rollback of numerous critical provisions of the Dodd-Frank Act, including those related to the CPFB. NCRC also opposes various stand-alone bills seeking to undermine the agency, including: S. 370 (Sen. Ted Cruz (R-TX)); S. 387 (Sen. David Purdue (R-GA)); H.R. 1031 (Rep. John Ratcliffe (R-TX-4)); and H.R. 1018 (Rep. Scott DesJarlais (R-TN-4)).

cfpb Consumer Financial Protection Bureau

FACTSHEET

# Consumer Financial Protection Bureau: By the numbers

- **$11.8 billion:** Approximate amount of relief to consumers from CFPB supervisory and enforcement work, including:
  - $3.7 billion in monetary compensation to consumers as a result of enforcement activity
  - $7.7 billion in principal reductions, cancelled debts, and other consumer relief as a result of enforcement activity
  - $371 million in consumer relief as a result of supervisory activity
- **29 million:** Consumers who will receive relief as a result of CFPB supervisory and enforcement work
- **$589 million:** Money ordered to be paid in civil penalties as a result of CFPB enforcement work
- **1,080,000+:** Complaints CFPB has handled as of January 1, 2017
- **13 million:** Unique visitors to Ask CFPB
- **4.4 million:** Mortgages consumers closed on after consumers received the CFPB's Know Before You Owe disclosures
- **135:** Banks and credit unions under the CFPB's supervisory authority as of September 2016
- **12 million:** Consumers who take out payday loans each year; the CFPB has proposed rules to put an end to payday debt traps
- **70 million:** Consumers who have debts in collection on their credit record; the CFPB is developing proposed rules to protect consumers from harmful collection practices
- **3,244** Colleges voluntarily adopting the CFPB and Dept. of Ed Financial Aid Shopping Sheet
- **145:** Visits to military installations by the Office of Servicemember Affairs since 2011
- **62:** Times senior CFPB officials have testified before Congress
- **38:** Cities where CFPB has held public town halls or field hearings

FIGURE 16. Source: Consumer Financial Protection Bureau