

Americans for Financial Reform

Accountability, Fairness, Security

Support Strong Protection for Consumers

Consumer Financial Protection Agency

Meaningful financial reform must make the marketplace safer for all Americans. It must include an independent Consumer Financial Protection Agency (CFPA) to ensure fairness and safety for American consumers. Without it, the reform effort will fail in its current mission to save Americans from the type of crisis through which we are presently struggling. With a strong, independent Consumer Financial Protection Agency, Americans can work and save to provide for their families and generations to come. Existing bank regulators have failed to design and enforce fair rules of the road for credit, leaving consumers vulnerable to billions of dollars worth of tricks and traps on high priced credit cards, over-limit fees on debit cards and abusive mortgages that cost families their homes. The financial crisis demonstrates that unchecked abuse not only hurts individual borrowers, but also undermines the whole financial system. The CFPA will streamline government and ensure a stable and safe marketplace. We don't let manufacturers sell toasters that are likely to explode; we need basic rules and protections against exploding loans, too.

Creating a Consumer Financial Protection Agency would improve federal oversight and protection for consumer financial products. The CFPA would get its authority by consolidating all of the consumer protection rule-making and enforcement functions currently spread over 17 statutes and 7 different agencies. This would reduce, streamline and simplify existing regulatory sprawl and ensure that the same rules apply and are consistently enforced for all entities providing financial products to consumers. The CFPA will improve consumer free choice by making products easier to understand for consumers and ensuring that consumers are offered the best available loans for which they qualify. Moreover, the CFPA will preserve the ability of the States to address particular problems that arise within their borders, and to provide the protections that elected state representatives deem important.

AFR supports the CFPA proposal in the Financial Reform legislation, and we oppose attempts to weaken CFPA authority. **In particular, the CFPA should:**

- **Be an independent agency:** AFR supports creating a stand-alone CFPA that eliminates the conflicts of interest inherent in the existing banking agencies and brings a stronger and streamlined focus on consumer protections.
- **Cover all financial products:** AFR opposes creating loopholes that exempt specific sectors or treat identical products differently. All financial products must be covered.
- **Have primary examination, enforcement and rulemaking authority:** AFR opposes splitting up consumer protection responsibilities because it would weaken the agency's effectiveness and deprive it of crucial information.
- **Be a federal floor of protection, not ceiling:** AFR supports empowering the states to be the first responder to local and regional issues before they spread nationally or command a federal response.

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- **Include the Community Reinvestment Act under its purview:** The CFPA must be given both rulemaking and enforcement authority for the CRA in order for the agency to carry out its mission and to level the playing field for underserved communities.

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