

Crapo Statement at The Consumer Financial Protection Bureau's Semiannual Report to Congress

March 12, 2019

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing to receive The Consumer Financial Protection Bureau's semiannual report to congress.

The text of Chairman Crapo's remarks, as prepared, is below.

"Today, we will receive testimony from Consumer Financial Protection Bureau (CFPB) Director Kathy Kraninger on the CFPB's most recent semiannual report.

"On February 12, the CFPB issued its Fall 2018 Semiannual Report, which outlines the CFPB's significant work between April 2018 and September 2018, including rulemakings and supervisory and regulatory activities.

"The report also provides insight into what the CFPB plans to undertake in the coming work period.

"In the report, Director Kraninger said, 'As I begin my stewardship of the CFPB, I will be moving forward with the agency to make sure the American people have access to the financial products and services that best suit their individual needs, the financial institutions that serve them are competing on a level playing field and the marketplace is innovating in ways that enhance consumer choice.'

"Providing individuals and businesses access to a wide array of financial products and services is foundational to robust economic growth and job creation.

"Under Director Kraninger's leadership, the CFPB has already started to take action to ensure that regulations that could affect consumers' access to credit are based on solid evidence and legal support, rather than flawed analysis.

"On February 6, the CFPB proposed to rescind the mandatory underwriting provisions of its Payday Lending rule and delay their compliance date.

"This decision was made nearly one year after initially noticing its intention to revisit the rule and after conducting extensive due diligence.

"The CFPB found insufficient evidence and legal support for the mandatory underwriting provisions, and said that those provisions would reduce access to credit and competition in states that have determined it is in their residents' interest to be able to use such products, subject to state law.

"The CFPB has also taken steps to implement provisions of the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) that increase protections for consumers.

"On March 4, the CFPB issued an advance notice of proposed rulemaking to gather information on residential Property Assessed Clean Energy financing, or PACE loans, that will be used in its proposal to implement Section 307 of the bill.

“In September, the CFPB announced as effective a provision of S. 2155 that provides consumers who are concerned about identity theft or data breaches the option to freeze and unfreeze their credit for free.

“A New York Times article commenting on the provision noted that, ‘one helpful change... will allow consumers to ‘freeze’ their credit files at the three major credit reporting bureaus—without charge. Consumers can also ‘thaw’ their files, temporarily or permanently, without a fee.’

“Susan Grant, director of consumer protection and privacy at the Consumer Federation of America expressed support for these measures, calling them ‘a good thing.’

“In August, the CFPB issued an interpretive and procedural rule to implement Section 104 of S. 2155 to exempt qualifying community banks and credit unions partially from reporting certain data points under HMDA.

“The CFPB took another positive step on HMDA reporting in December issuing policy guidance describing HMDA data that it intends to publicly disclose in a manner that protects consumers’ privacy.

“The Committee will continue to make implementation of S. 2155 a top priority this Congress, and I encourage the CFPB to take the necessary steps to provide meaningful relief that will ultimately benefit consumers.

“Data privacy is another issue that the Committee will spend significant time on this Congress.

“Americans are rightly concerned about how their data is collected and used, and how their data is secured and protected by both government agencies and private companies.

“I have long raised concerns about big data collection by the CFPB, especially with respect to credit card and mortgage information.

“Although there have been positive changes in recent years under new leadership, the CFPB must ensure that the collection of consumer information is limited, information is retained only as long as is absolutely necessary to fulfill the CFPB’s obligations and that appropriate safeguards are in place to protect it.

“It is also worth examining how the Fair Credit Reporting Act, or FCRA, should work in a digital economy, and whether certain data brokers and other firms serve a function similar to the original consumer reporting agencies.

“The FCRA establishes standards for collection and permissible purposes for disseminating information by consumer reporting agencies, and gives consumers access to their files and the right to correct information.

“The CFPB, through its supervision of larger participants it defines by rule, oversees a large segment of the consumer reporting marketplace.

“I look forward to working with the CFPB to identify opportunities to update the FCRA so that it works in a digital world.

“During this hearing, I look forward to hearing more about Director Kraninger’s priorities for the CFPB in the upcoming work period; additional legislative or regulatory opportunities to provide widespread access to financial products and services; and steps that could be taken to increase the protection of consumers’ financial and other sensitive information.

“Director Kraninger, thank you again for joining the Committee this morning to discuss the CFPB’s activities and plans.”

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