

**Statement of Senator Tim Johnson**  
**Senate Committee on Banking, Housing and Urban Affairs**  
**“Creating a Consumer Financial Protection Agency: A Cornerstone of America’s New**  
**Economic Foundation.”**  
**July 14, 2009**

Thank you Mr. Chairman for holding today’s hearing. This hearing could be one of the most important held this month as the Committee takes up legislation to modernize our financial regulatory system.

The current economic crisis has exposed regulatory gaps that allowed institutions to offer products with minimal regulation and oversight. Many of these products were not just ill-suited for consumers, but were disastrous for American homeowners. There is a clear need to address the failures of our current system when it comes to protecting consumers. We need to find the correct balance between consumer protection, innovation and sustainable economic growth.

There is no doubt that the status quo is not acceptable. However, as Congress considers proposals to improve the protection of consumers from unfair, deceptive and predatory practices, we must ask many important questions. We need to know if it is the right thing to do to separate consumer protection from functional regulation. We need to know if a separate, independent consumer protection agency is better than a consumer protection division within an existing regulatory agency. We need to know who should be writing rules for consumer products and who should be enforcing those rules. We need to know if national standards or 51 set of rules made by each state are better for consumers. Last, while the goal of any consumer protection agency is clearly better protection of consumers, we need to know if it will also preserve appropriate access to credit for the consumers it is designed to protect.

The creation of a new agency is a daunting task under any circumstances; even more so in this case, considering the role a consumer protection agency would play in our nation’s economic recovery. It is important we get this right. I look forward to hearing from today’s witnesses.