**PREPARED STATEMENT OF**
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**BEFORE THE**
**COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS**
**UNITED STATES SENATE**

**NOVEMBER 30, 2023**

Statement Required by 12 U.S.C. §5492
The views expressed herein are those of the Director and do not necessarily reflect the views of the Board of Governors of the Federal Reserve System or the President.

Chairman Brown, Ranking Member Scott, and Members of the Committee, thank you for inviting me to this hearing to present the Consumer Financial Protection Bureau's (CFPB) submission of its Semiannual Report to Congress.

I am pleased to share that the CFPB has reached important milestones on critical priorities, including personal financial data rights and credit reporting, while continuing to enforce the law and deliver results for consumers and law-abiding businesses. Today, I will share some observations about household financial stability and highlight our progress on important areas of work.

As we enter the holiday season after a sustained period of high interest rates, the CFPB is sharpening its focus on the evolving patterns of household debt. Over the past few years, borrowing has accelerated across many key products, including credit cards and auto loans, and consumers are increasingly utilizing new ways to borrow, like buy now, pay later.

Americans now owe more than $17 trillion in household debt. Total outstanding credit card debt eclipsed $1 trillion last year for the first time since the CFPB began tracking it. Auto loans have grown quickly to an estimated $1.6 trillion.

The CFPB's analyses have found that rates and fees are contributing to persistent credit card debt for a growing number of consumers. Americans paid $130 billion in interest and fees on credit cards last year, while annual percentage rates rose far above the cost of offering credit. The CFPB is taking a number of steps to increase competition in this highly concentrated market.

The return to repayment for federal student loans continues to be an area of concern for many borrowers, causing families to reallocate funds toward student loans after a three-year pause. We are carefully monitoring the practices of loan servicers, given their influence on borrower outcomes. We will also be evaluating the effects of student loan repayment on consumers' other obligations to better understand the full impact of the return to repayment and the payment pause itself.

Outstanding auto loan debt has also grown, particularly given the higher cost of vehicles and higher interest rates. Auto loan payments are consuming a greater share of income for many consumers, and we are actively monitoring credit performance and repossession activity.

Residential mortgage activity has declined precipitously during the last few years, while interest rates, fees, discount points, and other costs have increased. The result is that homebuyers are paying much more: average monthly payments on 30-year fixed rate loans increased by more than 46 percent from 2021 to 2022. We believe these trends persisted during 2023 given the rate environment.

The CFPB is examining ways to facilitate more refinancing activity if and when prevailing mortgage interest rates subside to ensure that borrowers who experience financial distress can navigate alternatives to foreclosure and to streamline rules and procedures for servicers to offer loan modifications.

Since our last Semiannual Report, the CFPB has proposed a rule to accelerate the shift to "open banking" in the United States, giving consumers the ability to more easily switch to new providers, while taking care to safeguard their personal financial data. We have also initiated a process to improve accuracy and accountability in credit reporting, especially for data brokers. We are also taking steps to address widespread inaccuracies on Americans' credit reports when it comes to medical bills.

The CFPB's supervision and enforcement program is protecting both consumers and honest financial firms who must compete against those who egregiously violate the law. In the last two years, we have obtained orders totaling $8 billion in victim redress and penalties. We have focused on large, repeat offenders. Families across the entire country are benefiting from this work.

The CFPB has also tackled the scourge of junk fees that have been creeping across sectors of the economy and interfering with normal market forces. We have even uncovered a number of illegal junk fee practices across consumer financial products.

As Director, I have made it a priority to ensure that the CFPB continues to modernize its approach to keep pace with a fast-changing financial services industry. The CFPB has shifted supervisory resources toward nonbanks to account for the significant role they play in financial services today. For example, in payments, Big Tech companies and nonbank payment apps have become ubiquitous in the United States. The CFPB has taken steps this year, including a proposed rule, to ensure that these companies adhere to the same rules as large banks, credit unions, and other financial institutions.

In August, our complaint database reached four million submissions. Every week, we send more than 20,000 complaints to companies for responses. I am proud of the CFPB's work in getting consumers the resolutions they deserve, often through referrals from local organizations, Congressional offices, and many others.

Thank you for the opportunity to appear before you.