

**PREPARED STATEMENT OF
ROHIT CHOPRA
DIRECTOR
CONSUMER FINANCIAL PROTECTION BUREAU**

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

DECEMBER 11, 2024

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.

This is my twenty-seventh time testifying before Congress as an executive branch official, and my tenth time before this Committee. In my meetings with each of you, I continue to find more and more areas of agreement on tackling concerns that Americans are facing. I want to touch on a few of these.

Credit Card Debt

First, credit card debt. Americans owe roughly \$1.2 trillion in credit card debt, and in 2022 alone, consumers paid \$130 billion in interest and fees. The Consumer Financial Protection Bureau's (CFPB's) research has revealed that the credit card market is quite concentrated, with a few big players dominating the market. These large players have been able to push up interest rate margins considerably, even when adjusting for broader changes in market interest rates. This increase in interest rate margins and lack of robust competition means that Americans are losing \$25 billion a year compared to 10 years ago. Many borrowers are paying over 30 percent, squeezing their monthly budgets. Further consolidation among big players, including one pending credit card merger, threatens to jack up rates even further.

The CFPB is taking action to crack down on credit card companies exploiting loopholes, to make it easier to switch to a new company, to ensure consumers can obtain and redeem promised rewards, and more.

But, many in Congress are rightfully concerned that the market will not correct on its own. There is growing bipartisan support for taking action. In particular, there are proposals to limit annual percentage rates on credit cards on both sides of the aisle, and the incoming administration has expressed support for an interest rate cap. It will be important for this Committee to ensure that credit cards are a source of credit priced at competitive rates, rather than what we see in today's market.

Digital Surveillance

Second, digital surveillance and data privacy. Americans are being exposed every day to stalkers, scammers, and spies due to unchecked digital surveillance across the economy, including in the financial services sector. There is growing bipartisan consensus that policymakers need to do something about corporate data surveillance and data privacy, and it is critical that this work moves forward.

The CFPB recently proposed a rule on data brokers that would curb access to sensitive financial data by foreign adversaries and others seeking to exploit Americans by spying on their personal information. We have also incorporated privacy and data security provisions into the CFPB's open banking rule, which will foster innovation and account switching while also protecting consumers' private financial information. At the same time, it is critical that Congress also act to protect against unchecked surveillance of the most sensitive personal data.

Debanking

Third, account closures and debanking. America's banking and payments systems serve as essential infrastructure for our economy and society. An account with a bank, credit union, or digital wallet provider is a necessity. Unfortunately, we have seen too many account closures on questionable grounds.

Over the last few years, the CFPB has been working to ensure that banks and Big Tech firms are not inappropriately denying households access to banking and payment systems. We are especially concerned when funds are frozen or when accounts are closed for reasons not contemplated by federal banking laws. We are currently engaged in litigation to defend the agency's authority to investigate when companies unfairly debank customers based on characteristics like religious affiliation.

In addition, the CFPB recently finalized a rule to more closely examine digital payment apps to ensure that they comply with federal laws, where there has been significant concern about debanking. The CFPB has also proposed a rule that would help to reduce account closures driven by overdraft churning. We have also proposed to update rules under the Fair Credit Reporting Act that will make sure that inaccurate identity verification algorithms are not leading to improper debanking. And we are scrutinizing whether reputation-based algorithms and artificial intelligence are being weaponized in ways that block people from account access. While the CFPB will continue to defend consumers' rights and to hold financial institutions accountable, it will be critical for Congress to ensure that all American families have access to an account.

Thank you, and I look forward to your questions.