

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

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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 holding this hearing on the Consumer Financial Protection Bureau's (CFPB) submission of its Semiannual Report to Congress.

I am pleased to report that the CFPB continues to deliver tangible results for the public today, ensuring that consumers are protected, while also preparing for the future as tech giants and artificial intelligence reshape the industry. I will share a few observations about the state of the American consumer, as well as some highlights of CFPB's work.

American families continue to benefit from a resilient labor market. Consumer spending continues to be robust, and borrowing has accelerated. Inflation in key categories, such as vehicles, has contributed to rising levels of household debt. Americans now owe \$17 trillion in household debt, including mortgages, student loans, auto loans, and credit cards. Interest rates are substantially higher than they were a few years ago, and some families are paying much more on their credit cards and other loans. Overall, current indicators of distress on consumer credit remain muted, though there are modest signs of increased delinquency. We will continue monitoring the impact of changes in interest rates and home prices closely, as well as other changes that might impact large segments of the population, such as upcoming resumption of federal student loan payments.

The CFPB continues to be on high alert for shocks to the system that might unsettle household financial stability. The failures of Silicon Valley Bank, Signature Bank, and First Republic Bank highlighted significant vulnerabilities in the banking system, and regulators took a series of extraordinary actions that limited the fallout to the broader economy. But it is clear policymakers will need to take steps to avoid the need for emergency measures in the future.

With respect to the CFPB's mandated objectives, we have made major progress to propose, finalize, or implement required rules on credit reporting for survivors of human trafficking, small business lending data collection, PACE lending, the LIBOR transition, and more. We're reviewing old rules to find opportunities to simplify and future-proof them. We've built on the work of my predecessor to publish more guidance and advisory opinions that especially help small and nascent firms looking to develop new products and services.

We are focusing more heavily on supervision of nonbank financial firms, which have not always been subjected to similar oversight as chartered banks and credit unions. We've activated unused authorities to limit regulatory arbitrage by nonbank firms.

We have shifted the focus of our enforcement program away from targeting small businesses and putting more attention on repeat offenders. Since then, we've recovered \$4.6 billion in refunds and penalties against violators.

We are handling an average of 10,000 consumer complaints each week and obtaining successful resolutions for individuals outside of formal legal proceedings.

Equally important is our work to address how technology is transforming financial services. The United States has a choice: will we harness technology to maintain relationship banking, drive competition, and protect privacy? Or will we continue our lurch toward a system marked by surveillance that is fully automated and controlled by a handful of firms?

The CFPB is working to ensure broad benefits for consumers and businesses alike when it comes to technological advances. One of our most important initiatives is to accelerate the shift in the United States to open banking, allowing consumers to more easily switch and gain access to new products, while protecting personal financial data.

The CFPB has been leading a number of efforts on artificial intelligence, and we're working to bring on more technical talent inside the agency. We're taking steps to guard against algorithmic bias across credit markets, and we're working to ensure that data brokers respect longstanding laws on the books. The work of the CFPB in today's digital economy is more relevant than ever.

Thank you for the opportunity to appear before you. I look forward to responding to your questions.