

Crapo Statement at CFPB Semiannual Report

October 17, 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 entitled, “The Consumer Financial Protection Bureau’s Semi-Annual Report to Congress.”

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

“Today, we will receive testimony from CFPB Director Kathy Kraninger on the CFPB’s semiannual report.

“On October 07, the CFPB issued its Spring 2019 Semiannual Report, which outlines the Bureau’s significant work between October 2018 and March 2019, including rulemakings and supervisory and regulatory activities.

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

“Since stepping into her role last December, Director Kraninger has demonstrated a commitment to ensuring that consumers have access to a wide range of financial products and services that meet their individual needs, fostering innovation and vigorously protecting consumers.

“Reflecting this commitment to the CFPB’s mission, Director Kraninger conducted an extensive cross-country listening tour with the full spectrum of CFPB stakeholders during her first months on the job.

“Director Kraninger’s conversations with consumers, industry, and fellow federal and state regulators have improved CFPB engagement, informed their supervision and regulatory processes, and improved agency transparency.

“In the Semiannual Report, Director Kraninger also highlighted that the CFPB has taken steps to ‘[strengthen] the consumer marketplace by providing financial institutions clear ‘rules of the road’ that allow them to offer consumers a range of high-quality, innovative financial services and products.’

“On September 10, the CFPB issued three new policies to promote innovation and reduce regulatory uncertainty. Those policies include the Trial Disclosure Program Policy; the Compliance Assistance Sandbox Policy; and the No-Action Letter Policy.

“Each of these policies are intended to contribute to an environment that allows innovation to flourish safely, and ensure that consumer needs are met in increasingly efficient and effective ways.

“Earlier this year, the CFPB announced a proposal to update the mandatory underwriting provisions of its 2017 Small Dollar Lending rule.

“Updating this rule is an important step toward ensuring the availability of credit that is essential to so many consumers who struggle to access or qualify for other options, and basing rules on solid evidence and legal support.

“As the CFPB continues to move forward on this rulemaking process, I encourage the CFPB to coordinate with the other financial regulators on an approach to small dollar lending to create a consistent framework across all institutions in order to promote and expand small dollar lending and credit options.

“In July, the CFPB released an advance notice of proposed rulemaking seeking stakeholder comment on potential amendments to its Ability to Repay/Qualified Mortgage (ATR/QM) Rule.

“FHFA Director Calabria and CFPB Director Kraninger noted the QM patch ‘exacerbates an unlevel playing field’ and that ‘Fannie and Freddie should play by the same rules as everyone else.’

“The CFPB’s actions are a positive step and I continue to encourage the Bureau’s efforts to find a permanent solution to the Qualified Mortgage standard that provides certainty to consumers, lenders and investors alike.

“Last week, the CFPB announced the formation of a taskforce that will be devoted to examining ways to modernize and harmonize federal consumer financial laws, especially those pertaining to consumer credit.

“The Banking Committee has spent significant time this Congress evaluating how the Fair Credit Reporting Act, or FCRA, should operate in an increasingly digital economy, and whether certain data brokers and other firms serve a function similar to the original consumer reporting agencies.

“I look forward to reviewing the CFPB’s Taskforce on Federal Consumer Financial Law’s recommendations on how to update the FCRA so that it continues to function as originally intended in a digital world.

“Though I am greatly encouraged by many of the changes and initiatives at the CFPB under Director Kraninger’s leadership, it remains clear that the fundamental structure of the CFPB must be reconsidered to make it more transparent and accountable.

“I continue to support transitioning the CFPB to a bipartisan commission from a single director; subjecting the CFPB to appropriations; and providing a safety and soundness check for the prudential regulators.

“On September 17, 2019, the CFPB and the Department of Justice filed a brief in the U.S. Supreme Court, urging the Court in the case of Seila Law LLC v. CFPB to review the constitutionality of the Bureau’s leadership structure.

“I have long argued that the CFPB’s current structure lacks sufficient accountability, and look forward to the Supreme Court taking up a review of this case.

“During this hearing, I look forward to hearing more about key initiatives at the CFPB in the last year; Director Kraninger’s priorities for the CFPB in the upcoming work period; and additional legislative or regulatory opportunities to provide widespread access to financial products and services.

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

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