**Statement for the Record**

*On behalf of the*

**American Bankers Association**

**American Financial Services Association**

**American Land Title Association**

**Consumer Bankers Association**

**Credit Union National Association**

**Financial Services Roundtable**

**Independent Community Bankers of America**

**Mortgage Bankers Association**

**National Association of Federal Credit Unions**

*To the*

**U.S. House Financial Services Committee Subcommittee on Financial Institutions and Consumer Credit**

**June 11, 2015**

Chairman Neugebauer, Ranking Member Clay, and members of the Subcommittee on Financial Institutions and Consumer Credit, ABA, AFSA, ALTA, CBA, CUNA, FSR, ICBA, MBA, NAFCU jointly appreciate the opportunity to submit for the record our combined views on H.R. 1266, bipartisan legislation that would transition the governing structure at the Consumer Financial Protection Bureau (CFPB) to a five-member, bipartisan commission.

Together, we represent thousands of financial institutions of all sizes located in every state across the country.

## I. BACKGROUND

In 2010, Congress created the Consumer Financial Protection Bureau (CFPB) and granted it rulemaking, supervisory, enforcement, and other powers over more than 15,000 financial institutions, and with it, a vast array of consumer financial products and services. The CFPB's massive jurisdiction includes an entire sector of American finance from banks and credit unions, to innumerable financial services companies of all sizes, including larger participants in the financial system, ultimately touching all Americans.

As trade associations representing those institutions supporting America's consumers, we write to express our support for bipartisan legislation, H.R. 1266, which will ensure the CFPB remains a strong and effective regulator whose mission is to protect consumers regardless of which political party is in the White House.

## II. BIPARTISAN LEGISLATION, H.R. 1266

H.R. 1266 is a bipartisan bill that is modeled after the Wall Street Reform and Consumer Protection Act that passed the House in December 2009. H.R. 1266 would create a five-member, bipartisan board at the CFPB, which would provide a sustainable governing structure that allows for an array of expert views from various parts of the retail banking industry; robust and transparent debate; and certainty and stability to a three trillion dollar industry. Commissioners would be appointed by the president and confirmed by the Senate and would serve staggered terms.

## III. A COMMISSION ENSURES THE LONGEVITY OF CONSUMER PROTECTION

Concentrating the CFPB's authority in a sole director jeopardizes the foundation of the Bureau as an objective, neutral consumer protection agency. A commission would serve as a source of balance and stability for consumers and the financial services industry by encouraging internal debate and deliberation, ultimately leading to increased transparency. Moreover, a commission would further promote the CFPB's ability to make bipartisan and reasoned judgments to ensure consumers receive the protection they deserve, which in turn would help strengthen the economy; and would avoid the risk of politically motivated decisions causing uncertainty and harm to consumers.

## IV. A COMMISSION WAS THE ORIGINALLY INTENDED STRUCTURE FOR THE CFPB

To preserve the CFPB as a strong and effective regulator, with a mission to protect consumers regardless of which political party is in the White House, Congress should return the CFPB to its originally intended structure, from a sole director to a bipartisan commission.

In December 2009, the House passed legislation that would have created a five-member bipartisan commission to oversee the CFPB.[1] This effort was led by then-House Speaker Nancy Pelosi (D-CA) and then-House Financial Services Chairman Barney Frank (D-MA) and received strong Democrat support.[2] During public debate over the agency's creation, then-professor Elizabeth Warren, whose ideas led to the creation of the CFPB, called for a Financial Product Safety Commission (FPSC) and modeled what is now the CFPB after the Consumer Product Safety Commission, which is overseen by a board of five commissioners.[3] The idea of a commission to oversee consumer financial products was also endorsed by the Department of Treasury under the Obama Administration.[4]

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[1] H.R. 4173, Sec. 4103, Establishment and Composition of the Commission, p. 825, http://www.gpo.gov/fdsys/pkg/BILLS-111hr4173rfs/pdf/BILLS-111hr4173rfs.pdf.

[2] H.R. 4173 Final Passage, Roll Call 968, http://clerk.house.gov/evs/2009/roll968.xml.

[3] Democracy, *Unsafe at Any Rate,=* Issue #5 Summer 2007, http://www.democracyjournal.org/5/6528.php?page=all

[4]Department of Treasury, *Financial Regulatory Reform, A New Foundation: Rebuilding Financial Supervision and Regulation*, p. 58. "The CFPA should be structured to promote its independence and accountability. The CFPA will

Consequently, the creation of a five-member commission began with strong Democratic support and is a common-sense proposal in the effort to strengthen the CFPB and ensure its longevity to protect consumers for generations to come.

## V. A COMMISSION IS THE TRADITIONAL STRUCTURE FOR FEDERAL AGENCIES

A commission is the traditional and customary structure for independent federal agencies, helping to ensure bipartisanship and impartiality. For example, the following independent agencies all have a commission structure:

- The Federal Reserve Board (FRB);
- The Federal Deposit Insurance Corporation (FDIC);
- The Securities and Exchange Commission (SEC);
- The Communities Futures Trading Commission (CFTC);
- The National Credit Union Administration (NCUA).

## VI. CONCLUSION

The CFPB has tremendous authority to supervise a multi-trillion dollar industry, which as we have learned, can have incredible ramifications on our economy. As such, it is imperative the CFPB remain stable, be deliberative, and remain bipartisan – for the sake of the American consumer and the U.S. economy.

have a Director and a Board. The Board should represent a diverse set of viewpoints and experiences. At least one seat on the Board should be reserved for the head of a prudential regulator."