Vision for America

A Bank Policy Agenda for All

Banks help you achieve your financial goals.
Here's what Washington can do to help.

About Consumer Bankers Association

The Consumer Bankers Association partners with the nation's leading retail banks to promote sound policy, prepare the next generation of diverse bankers to lead the industry, and finance the dreams of consumers and small businesses.

Learn more at consumerbankers.com

Introduction

Americans rely on banks to meet their everyday financial needs and help them navigate life's biggest moments. From checking accounts and credit cards to mortgages and small business loans, banks put you first. Washington must follow suit.

In 2025 – and beyond – policymakers should pursue data-driven policies that prioritize consumer access to financial services, creating a healthy financial foundation and maintaining a competitive, well-regulated financial services industry.

Washington must work with banks to bolster the consumer's financial situation and the economy overall – instead of restricting them and adding new burdens atop what already is a significant regulatory framework. Policymakers must avoid creating rules that would debank Americans and take away valuable banking services.

On behalf of America's leading retail banks, the Consumer Bankers Association (CBA) has developed this policy agenda for consideration by policymakers of all parties. Banks, like our political leaders, have a responsibility to serve and advance the American household and small business enterprise. We stand ready to work with all who value the long-term financial health, stability, and success of the American consumer, and the free and competitive financial system that helps deliver on those promises.

Strong Banks Support a Strong America

More people have access to affordable banking services than ever before. The U.S. has nearly 5,000 banks, which is more than any other market in the world. And now, 95.5% of Americans are banked. Whether it's a basic checking account, various forms of credit, or helping you save for the future, the nation's leading retail banks have made extraordinary strides in helping to protect and expand access to the well-regulated financial system for millions of consumers who historically may have been unbanked or underbanked. Because of this, more Americans than ever before can choose the financial tools that meet their unique needs, while also receiving the high level of protections they deserve

Our Vision for America

All Americans should have access to financial services, so that consumers can choose products that best meet their unique needs.

All Americans should have a healthy financial foundation, including opportunity for growth, financial resilience, and safety.

All Americans benefit from a highly competitive and well-regulated financial services industry, where banks and non-banks compete equally on innovation and costs, and not one that pushes consumers out of the banking system to less safe non-bank alternatives.

Our Vision:
Access to Financial Services

Consumers should have access to a wide variety of safe and sound financial services and the ability to choose which banks and services best meet their unique needs.

Support Consumer Choice of Banking Services

Banks compete and innovate to meet consumers where they are. Some consumers have longstanding relationships with different credit products and also have substantial savings. Other consumers, however, may lack credit histories or emergency reserves. Regulation should avoid one-size-fits-all requirements that may not work for all consumers. Most importantly, policymakers must stop writing regulations that threaten to debank Americans — specifically writing regulations that restrict products and push consumers out of the well-regulated banking system.

Our Position: Overdraft services provide a safety net for consumers that may lack access to credit.

Overdraft services are conveniently linked to a checking or savings account and offer a bridge to cover a purchase or expense like a recurring bill for those that do not have the cash on hand. This opt-in service delivers financial flexibility to cover an unexpected expense and the certainty of knowing important transactions, such as rent or utility payments, will not be declined.

“Banks compete and innovate to meet consumers where they are.”

As it is written, the Consumer Financial Protection Bureau's (CPFB) proposed overdraft rule would have a material effect on banks' ability to offer free checking accounts. In doing so, this would affect low- and middle-income consumers the most, as they are least likely to meet minimum balance requirements. As a result, many consumers on the margins may no longer have access to checking account services and overdraft products, and consequently be pushed to more expensive, less regulated non-bank products like payday loans.

Survey respondents that reported using overdraft just one to three times in the last 12 months were nearly twice as likely to have been rejected for a credit card product than consumers that report never having overdrafted in the same period. Frequent overdrafters reported that if they were denied access to overdraft services they were as likely to have to sell or pawn something to make a purchase as use a credit card. Yet even so, only 6% of frequent overdrafters said that they would forgo the transaction rather than overdraft. Indeed, survey data shows that these consumers, who may lack other ways to make ends meet, primarily use overdraft services on important and necessary day-to-day purchases like food (30%), utilities (25%), and transportation (18%).

Types of Purchases Enabled by Overdraft:

30% Food

25% Utilities

18% Transportation

The CFPB should rescind the overdraft proposal and undertake further comprehensive review of the overdraft market before promulgating changes that may have negative effects for consumers. Otherwise, the agency would be impeding consumers' ability to access tools necessary to address a wide variety of financial needs.

Our Position: Debit interchange regulation (Regulation II) cuts access to free checking accounts.

When the Dodd-Frank Wall Street Reform and Consumer Protection Act was passed in 2010, the "Durbin Amendment" required the Federal Reserve Board to write regulations that limit the debit interchange fees that retailers pay to facilitate debit card transactions.

In the years following, however, multiple independent studies, including studies by Federal Reserve Board economists and the Government Accountability Office, have shown that this government intervention in debit card interchange fees increases costs for consumer checking account products, with low-to-moderate income consumers impacted the most.

The fact is banks rely on debit interchange revenue to enhance the technologies used to ensure consumers can use their debit cards to make purchases across the world, protect consumers against fraud, and to expand other bank offerings, such as free or low-cost bank services to their customers.

To prevent consumers from becoming debanked through government price fixing, this proposal should be withdrawn.

Our Vision: A Healthy Financial Foundation for Americans

Consumer financial health and safety is the key to achieving the American dream and economic growth for all. At the same time, all consumers should have data and fraud protection.

Ensure Access to Credit

Regulations that limit consumer access to well-regulated credit products limit financial inclusion and long-term financial resilience. The CFPB's own research shows that bank products, particularly credit cards, are the primary and best way for "credit invisible" consumers to enter the financial system, grow their credit scores, and build their financial lives.

Many currently-proposed regulations would limit consumer access to bank-offered credit products. This would force consumers, particularly those most in need, to either go without or turn to less-regulated, and often higher-cost, non-bank alternatives. This may mean consumers can't grow their credit histories as quickly and safely as before, or they may be forced into relationships with less-regulated operators that can come with more risk.

Our Position: Credit card late fee regulation raises the cost of credit cards and potentially limits access for consumers on the margins.

As part of its reelection push, the White House and CFPB have launched a public campaign to fight “junk fees,” like last-minute hotel resort fees or hidden fees when you buy tickets online. In their eagerness for headlines, however, the White House and CFPB have conflated credit card fees for “hidden junk fees”– despite the fact that credit card fees are clearly disclosed by law. Indeed, a majority of Americans (nearly 60%) believe credit card late fees are legitimate and not “junk,” according to a CBA survey released in April 2023.

But still, the CFPB is pushing forward with a proposal that its own staff admit could cause almost all consumers—including the nearly 75% of those who pay on time—to “pay more for their account…” And for those frequent late payers that the rule purports to help, increased late payments mean that they could see reduced access to credit, and could see their credit score impacted, leading to even much higher longer-term costs than any late fee. Even worse, some low to subprime borrowers may no longer qualify for credit cards.

CBA, along with the other leading financial groups, is challenging this rule in court.

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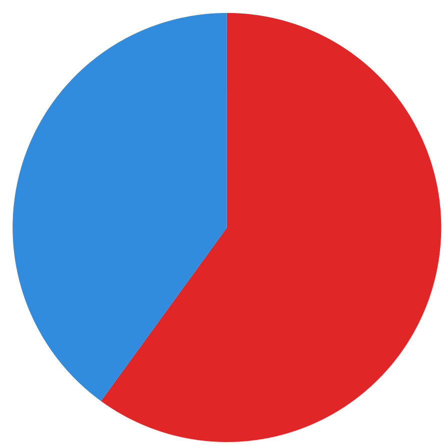

Our Position: The Federal Reserve’s Capital Rules will negatively impact consumers on the margins the most.

The federal banking agencies (the Federal Reserve Board, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency), have issued a proposal that would implement the final components of the Basel III agreement in the United States, known as the Basel III Endgame. This proposal would make significant changes to bank capital rules, forcing the largest American banks to increase capital ratios to the highest levels in recent history.

Requiring banks to hold more capital than necessary hurts all consumers. Among those most harmed are financially vulnerable consumers who will likely be pushed out of the safe, well-regulated banking industry and forced to seek unregulated alternatives in the “shadow banking” sector.

Our Position: Expanding well-regulated small dollar lending products benefits consumers.

Millions of Americans live paycheck to paycheck, leaving many consumers with little cushion for emergency expenses, strained credit scores, and fewer credit options. The need for access to reasonably priced small dollar liquidity products has become more important than ever. And while bank-issued small dollar loans are carefully designed with strong safeguards to protect customers, wide swings in small dollar lending policy – based largely on political ideology and coupled with overly restrictive regulations – have precluded market stability and limited banks’ ability to innovate small dollar products.

“Policymakers and regulators must establish consistent policy frameworks that empower banks.”

Policymakers and regulators must establish consistent policy frameworks that empower banks to offer viable short-term lending products to provide consumers with a valued emergency safety net and far greater protections than they might receive at other less-regulated entities.

Support Consumer Education & Tools

The CFPB must fulfill part of its core mission to educate consumers. From teaching the most vulnerable Americans basic finances like budgeting and saving, to demonstrating how to use the different financial tools available to them, and importantly how to recognize and avoid financial scams and fraud. Understanding these tools is critical to helping Americans pursue financial health, consumer protection, and growth.

Our Position: The CFPB should invest more in educating consumers about scams and fraud.

Lawmakers on both sides of the aisle and both chambers of Congress agree with CBA that the CFPB should be part of a whole-of-government investment in consumer educational initiatives. In particular, the CFPB should direct unallocated funds in the Bureau's Civil Penalty Fund toward consumer education initiatives focused on financial scam identification and prevention in accordance with Section 1075.107(a) of the Consumer Civil Penalty Rule (the Rule). These education initiatives will help bolster efforts already underway to teach consumers how to spot scams.

Protect Consumer Data

Every consumer – regardless of where they go to meet their needs – should have the ability to access their personal financial data. Regulations must clearly and appropriately allocate liability and costs to ensure a longstanding, healthy financial ecosystem.

Our Position: The CFPB's Dodd-Frank Act Section 1033 Rulemaking must be fixed

Section 1033 of the Dodd-Frank Act is intended to ensure consumers can access their own personal information held by their financial services provider. It is fundamentally centered on a consumer's right to obtain "information in the control or possession of" their financial services provider.

Unfortunately, the CFPB has taken this very straightforward statute and significantly broadened its scope in improper ways. The Bureau's proposed rule focuses on third parties sharing and using consumer data – instead of consumers' access, as the statutory language clearly indicates. In doing so, the CFPB will increase the risk that consumers' data may be misused by third parties, accessed through data breaches, and more. That's because not all these groups are subject to the same rigorous data security and privacy standards as well-regulated and supervised financial institutions. The CFPB's proposal also fails to ensure that liability, obligations, and costs are properly allocated among all participants in the data access ecosystem.

"Every consumer – regardless of where they go to meet their needs – should have the ability to access their personal financial data."

Fight Fraud with a Whole-of-Government Approach

One of the biggest threats to consumer financial wellness and safety is the rising threats of financial fraud and scams – particularly when a consumer is manipulated by a fraudster out of their own money.

Banks have been on the front lines fighting fraud, dedicating billions of dollars and thousands of hours each year to address fraud and scams. In fact, a recent survey conducted by CBA found an overwhelming majority – 8 in 10 Americans (83%) – believe banks are doing a good job helping them avoid scams.

8 in 10 Americans believe banks are doing a good job at helping them avoid scams.

Our Position: Fighting fraud requires an interdisciplinary approach.

Banks can't fight fraud alone. Fraudsters regularly mix a wide range of tools to trick consumers: phone calls; text messages; spam emails; social media groups; dating sites; and cryptocurrency exchanges. Because the bad guys are using interdisciplinary, highly-coordinated approaches to scams, the "good guys" need the same level of response.

Banks, and other industries in the private sector, need the government to work together across industries and law enforcement to protect Americans from fraudsters and scammers.

Our Vision:
Free, Fair and Competitive Markets

With nearly 5,000 banks nationwide, consumers benefit from America's highly competitive and well-regulated marketplace through expanded choice and constant innovation, which expands access to more consumers and lowers costs.

Ensure Equal Protection for Consumers

Currently, many Americans who use non-banks are exposed to higher risks as these entities are not regulated by the same rules as banks. Consumers should have equal protection, regardless of whether they choose a traditional bank or non-bank fintech company.

Our Position: Non-banks that engage in consumer financial services should be regulated and supervised.

The CFPB is working to establish supervisory authority over large fintechs in the consumer payment industry (such as peer to peer payment apps) through what's known as its larger participant authorities.

The financial services ecosystem continues to evolve, driven by the rise of fintech and non-bank providers that increasingly offer traditional bank products and services—but often without the same level of consumer protections, data protection, and safeguards.

Policymakers can reduce risk for consumers by limiting regulatory arbitrage to ensure consumers have the same protection regardless of where they get their financial services. In particular, CFPB should extend its supervisory authority over non-banks, which would not only apply the same supervisory obligations to these new market participants that traditional banks have long adhered to, but also establish the necessary regulatory safeguards to ensure they also are complying with those obligations.

Focus on the Facts, not Politics

Our Position: Washington must let facts and data guide the rulemaking process – not politics.

Unfortunately, some in Washington have used recent rulemakings to advance a political agenda rather than focusing on sound economic principles and reliable data. Although some proposals may sound appealing on the surface, on a closer look it's clear that they will reduce choice and harm many of the consumers who need access to financial services the most.

For example, over the past few years, the CFPB has justified its rulemakings by publishing press releases, blogs, reports, and other public statements that appear to misconstrue or mischaracterize its own data. This has raised questions about whether the Bureau's policy agenda is more focused on political wins than what is empirically best for the public. For the Bureau to be viewed as an agency to protect consumers, it must prioritize policies that are grounded in sound facts and data instead of policies that cater to which party is in the White House.

In response to many misrepresentations of facts by the CFPB, CBA launched "Facts Matter" using the Bureau's own data and analysis to ground the policy discussion around objective data.

Regulations can have serious impacts for markets, companies, and consumers. Accordingly, it is important for regulators to provide and appropriately analyze relevant facts before acting. That's the only way to appropriately reduce the risk of unintended consequences and harm to consumers.

Remind Regulators that Facts Matter: cfpbfactcheck.com

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