CBA CONSUMER BANKERS ASSOCIATION
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The Semi-Annual Report of the Bureau of Consumer Financial Protection

Senate Committee on Banking, Housing, and Urban Affairs

December 11, 2024

On December 11, the Senate Committee on Banking, Housing, and Urban Affairs held a hearing titled "Consumer Protection: Protecting Workers' Money and Fighting for the Dignity of Work." The previously scheduled Executive Session to vote on pending nominations was postponed. The Committee was scheduled to vote on the following nominations: The Honorable Caroline A. Crenshaw, of the District of Columbia, to be a Member of the Securities and Exchange Commission; and Mr. Gordon I. Ito, of Hawaii, to be a Member of the Financial Stability Oversight Council.

MEMBERS PRESENT:

Sherrod Brown, D-OH, Chairman
Jack Reed, D-RI
Tina Smith, D-MN
Mark Warner, D-VA
Elizabeth Warren, D-MA
Chris Van Hollen, D-MD
Catherine Cortez Masto, D-NV
Raphael Warnock, D-GA
Adam Schiff, D-CA
Andy Kim, D-NJ

Tim Scott, R-SC, Ranking Member
Mike Rounds, R-SD
Thom Tillis, R-NC
John Kennedy, R-LA
Katie Britt, R-AL

WITNESSES:

- The Honorable Rohit Chopra, Director, Consumer Financial Protection Bureau

MEMBER OPENING STATEMENTS:

Brown (D-OH):

- When I joined this committee in 2007 it had a reputation as a bit of a sleepy committee. Much of Washington seemed to have reached a consensus – Wall Street ought to be left largely to its own devices. Big banks knew best. We all know how that turned out. Less than two years later, the economy was in freefall. Banks were collapsing. Layoff notices and foreclosure warnings were landing in inboxes and mailboxes, ruining lives around the country. In the wake of the crisis, we passed the Dodd Frank Wall Street Reform and Consumer Protection Act. It was the first time in 75 years that we reined in Wall Street and its reckless obsession with profits at the expense of everyone and everything else. That law worked. Nearly 15 years later, our banking system is safer, banks hold more capital, and they're better prepared to handle a crisis. Of course, we know Wall Street and its lobbyists don't give up easy. After we passed

Dodd-Frank, one industry lobbyist said: "now it's halftime." Wall Street was true to its word. They immediately went to work trying to roll back and water down as many of the protections we put in place as possible. When I took over as Chair of this committee nearly four years ago, Washington still called it Senate Banking. It was still pretty much a committee dedicated to protecting Wall Street and the financial industry, and fulfilling their lobbyists' wish-lists – in particular, tearing down the safeguards that protect Americans' money, and that protect taxpayers from ever having to bail out Wall Street again. We changed that. We put the focus of this committee back where it should be – the people who make this country work. The stock market doesn't drive the economy. Workers do. And on the Senate Banking, Housing, and Urban Affairs Committee, we have made it our mission to serve them. That's why we improved public transit around the country for the millions of workers who depend on the bus or the train to get to work. Cleveland is finally replacing railcars that date back to the Reagan Administration. Akron Metro is getting a new maintenance facility. Ohioans in Bryan will have a new Amtrak station. It's why we came together to crack down on traffickers of deadly fentanyl, which is devastating working people and their communities in Ohio and all over the country. Our law is going after the entire fentanyl supply chain – from the chemical suppliers in China, to the cartels that traffic the drug from Mexico. It's why we confirmed dedicated, talented public servants who reflect the vibrant diversity of our country and who serve the public, not the financial industry. And it's why we stood up to corporate special interests – whether it's the big banks or the payday lenders or the shady debt collectors. We had the first ever legislative win against the payday lending lobby, protecting people from exorbitant interest rates that trap Americans in a cycle of debt. We successfully pushed to remove medical debt from people's credit reports, saving them money and protecting them from higher interest rates. Again and again, we stopped all the corporate interests that tried to prevent the Consumer Financial Protection Bureau from protecting the public. And we began calling the CEOs of the country's largest Wall Street banks to testify before this committee and before the American people. These CEOs and their banks hold tremendous power over our economy and over people's lives. Too often, that power isn't used wisely. As important and effective as Wall Street reform was, it was incomplete. We still have an economy where hard work doesn't pay off like it should. For decades, Wall Street has rewarded the companies that squeeze their workers the hardest. When companies raise prices, when they lay people off, when they move jobs overseas, when they bust unions, when they subcontract work to lower-paying companies with fewer benefits, Wall Street analysts yell "buy…buy…buy." And look at the result: For almost a half century now, productivity has gone up, the stock market has soared, executive compensation has exploded…but workers' wages are largely flat. It hasn't always been like this. When I was growing up, the CEO-to-worker pay ratio was 20-to-1. That was still good money. Today, that ratio is 344-to-1. When the economy fundamentally does not reward work, while Wall Street continues to rake in profits – not just instead of workers, but at the expense of workers – our work is far from over. And some of the most crucial work happening today to hold corporate special interests accountable, and level the playing field for the rest of America, is at the Consumer Financial Protection Bureau. The consumer protection bureau has been among the most successful parts of Wall Street reform. Since 2011, the CFPB has returned nearly $21 billion to more than 205 million Americans. These are real checks that land in people's mailboxes. Dollars that might mean a little extra breathing room to buy groceries or fill up a tank of gas. The CFPB has returned more than $363 million to servicemembers and veterans. That's money that companies took straight from servicemembers' and veterans' pockets. And over the next four years, the work of the Consumer Financial Protection Bureau will be more crucial than ever. The last time the President Trump was in office, the cabinet looked like a Goldman Sachs retreat. He tried to put the CFPB to work for corporations instead of the public. And from what we have seen from his nominees thus far, corporate special interests won't just have a seat at the table this time around – they'll be given free rein to rip off workers and customers. He's opening up our government to the highest corporate bidder. It will be up to all of you in this room to preserve the CFPB as the one place where ordinary Americans can go that will fight for them. Most people don't have fancy lawyers. They don't have high-priced lobbyists. The CFPB is their advocate and their voice. The public servants there fight for the people who make this country work – and so must we. This committee must ready itself for the fights and challenges ahead: Rising housing costs, private equity infiltrating more and more of our economy, insurance costs going up, risks building up in the private credit market, new technology that's increasingly being used in our financial system – from algorithmic prices to AI to crypto. All these risks have one thing in common: they all have the potential take even money away from working Americans…and funnel it to the same corporate elite that always seem to come out ahead. Those guys have enough advocates in this town. OUR charge, whether in the Senate or out of it, is to look out for workers and put them at the center of everything we do. I'm proud of the work we've done together on this committee. I want to thank Senator Scott, Senator Crapo, with whom I also worked closely and successfully as Ranking Member, and all the members of this committee. I want to thank my talented committee staff . Homer, Beth, Phil, Megan, Elisha and Laura have been with me the entire 10 years I have been Chair or Ranking Member. And Sarah, Jeremy, and Katie in my personal office have also worked for this committee over the last decade. Jeff, Ann, Sunny, John, Mohammad, Shannon, Emily, Ben, Min, Erika, Jonathan, Shanna, Will, Serena, and Sean have made significant contributions during their time on this staff. I also want to thank the non-designated staff—Pat, Lena, Shelvin, Jason and Sheryl – led by Cameron Ricker – for making this Committee run. I trust Senator Warren to carry on our mission of standing up for working Americans, and standing up to all the corporate interests that hold far too much influence in this town – and are about to hold a lot more. The work continues.

Scott (R-SC):

- Thank you, Mr. Chairman. Thank you for your service on this committee since 2007 and the last several years as the Chairman of the committee. I'll say the cancelation of today's markup really is disappointing and frankly sours the tone. It is another example of the dysfunction and lack of transparency that is a last gasp of a lame-duck administration. But now, we turn our attention to the Director of the CFPB, who also doesn't seem to accept the results of the November election. As I mentioned earlier, after the November election – a historic win for Republicans and President Trump which delivered a mandate for this committee and for this Congress. I sent a letter to each and every federal agency under this committee's jurisdiction calling on them to cease all rulemaking activities. It is paramount that President Trump can begin his administration on January 20th with a fresh slate to implement the economic agenda that the American people resoundingly voted for. And this is not unreasonable. Last month the prudential regulators – the OCC, FDIC, NCUA, and Federal Reserve – agreed with me and committed to pausing rulemaking before the inauguration. Yet, as we have seen time and time again with Director Chopra, he has ignored these calls and pressed forward with a unilateral partisan agenda. Many of you have heard my Republican colleagues and I argue that the changes at the CFPB are absolutely necessary, that the agency is unaccountable to Congress. And Director Chopra seems intent on proving this to be true. Despite voter's clear message on election day, Director Chopra has advanced his agenda at a break-neck speed. He has issued a final rule expanding the CFPB's own jurisdiction, issued a proposal seeking to upend the fraud prevention industry, has published multiple "studies" and "reports" to further his political agenda, and just this week published another rulemaking effort. The Director has spent years at the CFPB pushing the Biden-Harris administration's partisan messaging on "junk fees," and seeking a boogeyman around every corner for the failed economic policies of the Biden administration. Let me be clear: protecting consumers and building an economy that serves all Americans are principles that guide my work in the Senate, but we can do both without weaponizing our federal regulators. Speaking of regulators abusing their authority, the longstanding issue of debanking and Operation Chokepoint have recently resurfaced. I have focused on this issue for years and the patent inequality it represents for our legal businesses. I have consistently called out our banking agencies for weaponizing their power, and private institutions for bending to the powerful here in Washington. No legal business should ever be debanked. This message is something that Director Chopra has latched onto since the election, including direct references to debanking in his last two rulemakings. But make no mistake, the Director is not our ally in this fight, and the career bureaucrats at the CFPB are not either. The Director's recent actions are little more than an attempt to expand the CFPB's jurisdiction and grant the agency more authority to pick winners and losers in the financial services system. Unelected bureaucrats in Washington D.C. should not be deciding which businesses survive or fail based on their political agendas. All legal businesses should have the opportunity to succeed in America, just like every single American. Washington should be focused on promoting the two greatest tools which can arm all Americans – choice and opportunity. These were the tools that allowed me as a poor kid in South Carolina to grow up and own my own business, and now, lead the Republican side of the Senate Banking Committee. America must continue to be the bedrock of opportunity, and our regulators must work to ensure this every single day. Regulation should provide guardrails, not roadblocks. I look forward to working with the next Director of the CFPB to increase accountability at the Bureau. And Director Chopra, I look forward to hearing that you will be resigning effective January 20th. It is unacceptable to have an agency with a budget of almost a billion dollars outside of the appropriations process and we must find a way to address this issue. I will end with this – a message of hope. I am hopeful that next Congress will allow this committee to return to regular order and pass legislation to increase opportunity for American families and small businesses across the country.

WITNESS OPENING STATEMENTS:

Chopra:

- 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. 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. 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. 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.

QUESTIONS AND ANSWERS:

Brown (D-OH):

- Every time workers and consumers are forgotten in financial regulation, hardworking Americans are the ones who pay the price. We saw during the Great Recession where so many Americans lost their homes, jobs, and savings. Has Wall Street learned its lesson?
    - **Chopra**: In some ways, no, and that's the point. We know that they are always going to be driven by profits and their own bonuses. That is why we have to make sure there are basic rules that protect the economy.
- If you were replaced by someone doesn't have the guts to stand up to the big banks that are fleecing the public, what happens? Should we trust Wall Street in that situation?
    - **Chopra**: The law puts in place a ban on officials like me from going to sell ourselves to the companies we regulate. We should not have anyone leading regulatory agencies who is there to kiss up to those they are supposed to oversee. We need to make sure they are enforcing the law.
- That revolving door is far too common. Medical debt. We have done a couple things. We started a tradition where we bring the bank CEOs before us. We have also done that with the credit rating companies. Medical debt can happen to anyone. It has nothing to do with credit worthiness, or at least it shouldn't. Are medical bills generally accurate?
    - **Chopra**: We have found systemic problems with the accuracy of medical bills. There are problems with coding. It is why those items tend to not be predictive of your performance on loans like credit cards and mortgages.
- Assuming that, what impact do inaccurate medical bills have on consumer credit scores?
    - **Chopra**: We have seen scores go down artificially, pushing up the price to borrow for a home. And in some cases, blocking a person from maybe even getting an apartment or a job.
- Talk about the rule which would erase the medical debt burden for millions of Americans in terms of credit scores.
    - **Chopra**: We have proposed a rule that would block the reporting of certain medical bills on credit reports to better protect health privacy. It also blocks creditors from securing loans with wheelchairs and other medical devices. We think a lot of the rule has already been implemented voluntarily. The three big credit reporting conglomerates have already eliminated much of it, and states have also banned it as well.
- So why the Republican opposition to this rule and from some of corporate America? Why do they think it is a bad idea?
    - **Chopra**: I think there are too many debt collectors who weaponize this data in order to coerce people in paying. We have looked at every concern. We want to protect access, but we think this is a wise path forward.

Scott (R-SC):

- Do you have plans to resign on January 20?
    - **Chopra**: We serve and are confirmed for a five-year term. The President can remove us at any time. We respect that right.
- The election was a clear mandate rejecting the policies of the Biden Administration and calling for a new approach under President Trump. If you look at your opening statement, there is

$1.3 trillion of credit cards around the country. 83 million households have lost $1,075 of spending power under the Biden economy. $83 billion of spending power lost. Leading to the largest credit card balance in the history of our nation. That is why when I sent a letter on November 17 demanding that the CFPB cease all rulemaking activity the prudential regulators agreed, but you have pressed forward with a final rule and two new proposals. Why are you ignoring my request and the clear mandate of the American people?
    - **Chopra**: I don't think it makes sense for the CFPB to be a dead fish. People are still getting scammed, being subjected to account closures. They are still being the victims of so much wrongdoing. This week, we initiated a rulemaking to help survivors of domestic violence and elder abuse. That is an area where we have received bipartisan letters from Congress urging us to take action. That process will play through. Consumer protection is not something we should fight about, but something we guard against together.
- I look forward to having an opportunity to look at the overall structure of the CFPB and to see how we can make sure the mission will be fulfilled. You recently issued a final rule to expand the CFPB's authority to new industry participants. You also attempted to change policy through your seat on the FDIC Board. As much as you claim to be doing this in support of your mission, it seems to be failing. I have spoken many times about the harmful effects of many of the CFPB's proposals, but recently, we have confirmed that the CFPB is not even doing the basic job it was created to do. As part of Dodd Frank, when a bank transitions in assets above a certain threshold, the CFPB becomes legally responsible for direct supervision of compliance with consumer financial activities. But a report issued last week by the CFPB IG reveals that the agency did not complete most of those transitions timely or effectively. There seems to be a breakdown. How can the CFPB continue to claim that it needs more jurisdiction if it is failing to do its current job?
    - **Chopra**: That report was initiated by me. I was concerned about how those transitions occurred. We have shifted our supervision away from many of the banks and toward the biggest nonbanks who touch almost every wallet in our country.
- It is without question that the CFPB's authority continues to expand.

Smith (D-MN):

- I want to mention the importance of housing as part of the mandate of this Committee. As we move into 2025, there should be many opportunities for us to work together on housing. I am glad to have you here today. I have used my time focused on how to help regular Americans afford their rent and buy a home. Thank you and the CFPB for your responsiveness to my concerns around predatory land contracts, or contracts for deeds. This is happening all over the country. Too often, these contracts are designed to fail. We know these sellers have exploited people based on their religious beliefs. I am hoping you can speak to the actions the CFPB has taken to stop these abusive practices.
    - **Chopra**: Homeownership is supposed to be a part of the American dream. For many of these predatory land contracts, and other arrangements, they are setting people up to fail. We are doing our best to use existing law to combat these predatory practices. It is not just predatory land contracts.
- I hope this will continue to be a focus at the CFPB. This is an example of how regular people need someone in their corner. You have recouped more than $21 billion to the benefit of over 205 million consumer accounts. Just last week, you returned $1.8 billion to consumers who

have been scammed by credit repair companies. That is 50,000 Minnesotans. I want to thank the CFPB for your work. Each Minnesotan has gotten back over $400 each thanks to the good work of the CFPB. I wanted to highlight that success.

Rounds (R-SD):

- I wish you the best in your next endeavor. I think we both know you won't be here after January 20th. I recently sent you a letter regarding your proposed mortgage serving rules. The stated intent is to assist borrowers experiencing difficulty in meeting their financial obligations. The proposal will actually make this process more cumbersome and confusing by offering a variety of options at different times during a loss mitigation review cycle. Confusion causes delay. The intent of this rule is meant to be good but as proposed, I believe it will be ineffective and harmful. Did the CFPB's actions in this area, did they stem from consumer complaints? Or is this an initiative driven by internal agency priorities?
  - **Chopra**: This was based on discussions with the mortgage industry. We did a lookback during the pandemic at various ways to create flexibilities in the loan modification process and reduce some of the procedural hurdles. At the same time, preserve consumer protections. What we have proposed is inspired by the learnings from the industry about COVID loan modifications.
- I think that when you do this type of a rulemaking, I am questioning whether you took the opportunity to engage with the stakeholders. A number that have been in contact really don't believe they were adequately listened to with regard to what the impacts will be. I think this will be critical in the next couple of weeks as we look at CRA resolutions. Medical debt. As a result of the proposal, financial institutions will not be able to accurately conduct underwriting practices. The folks who are actually making a billing, doctors and so forth, were you able to actually get feedback from them? In terms of how they are going to be looking at providing services if they believe they are not going to get paid in the first place.
  - **Chopra**: We did get feedback. We actually found that many providers do not even engage in credit reporting. In as much that debt is sold, there may be firms putting information on credit reports that is inaccurate. Serious concerns that people are paying debt that they may not even owe in the first place.
- I think that while the intent of this was right, the implementation may be doing some harm. I am hoping we may be able to review this and perhaps make modifications.

Reed (D-RI):

- We passed in 2006 the Military Lending Act. Everyone on this dais and on Capitol Hill takes pride in what we do to protect servicemembers. What is the role of CFPB in supervision and enforcement?
  - **Chopra**: We are responsible for making sure that law is faithfully administered. We enforce it, and we look at how banks and nonbanks are honoring the rights of servicemembers. They must follow an APR cap. Where we find violations, we can take those companies to court.
- How many enforcement actions and how much money has been returned?
  - **Chopra**: I believe it has been hundreds of millions. In many cases, we have taken action against repeat offenders. These are largely outside of the banking industry.
- How integral is supervision to enforcement?

  - **Chopra**: The examination of companies is what prevents the problems from spreading. Companies really should be looking to see if they are serving an active duty servicemembers and not breaking the law.
- Buy now, pay later. This is increasingly popular. Can you give us an update on what you are doing to ensure these loans are consistent with all the rules?
  - **Chopra**: We want to see new products but we don't want to see companies exploit loopholes. We have put forth an interpretive rule that will help those companies understand how the existing law applies to them. We have gotten good cooperation.
- Over the next few weeks, is it possible to publish updated data that shows what you have been able to do to help improve the BNPL process?
  - **Chopra**: Unlike banks, the BNPL companies do not put forward regular data. I will look to see what we can do on that front.

Tillis (R-NC):

- To what extent do you feel comfortable with the cost-benefit assessments on the dozens of regulations the CFPB is putting out and imposing on industry and consumers?
  - **Chopra**: We take seriously the requirements.
- If I took your analysis and brought it a private sector staff, a C suite board, I don't see it rising to a level of quality that I would expect out of a first-year staff at PwC. I'm curious why you believe it would. Can you give me an idea, since you have been leading the CFPB, what is the underlying cost of the regulations you have been responsible for? Tell me why I should reject the notion that you may be one of the most polarizing, partisan figures to actually assume your role? You may get the MVP for making financial regulators, outside of the Fed, the most partisan agencies. Tell me why I'm wrong? Tell me why the coup with McWilliams was appropriate.
  - **Chopra**: All we are doing is trying to discharge the duties under the law. Chair McWilliams resigned.
- And so you had no fingerprints on that?
  - **Chopra**: We wanted to make sure the law, which specifies how votes should be counted, we wanted to make sure it was.
- I get no joy out of going after witnesses in this or any other Committee. But as someone who has tried to work across the aisle, I take exception to people who come before this Committee with some sort of a righteous mandate to be absolutely partisan. Give me one example of where you have actually led, and made people of your party nervous. That would be something.
  - **Chopra**: I took a lot of heat from people when it comes to banking and debanking. We led efforts to stop companies from purposefully closing accounts based on people's political speech. What was totally inappropriate.

Warner (D-VA):

- Recently, the CFPB announced it was returning $1.8 billion to consumers who had been misled. $55 million back to Virginians. I don't think those consumers would call the CFPB an over-the-top partisan entity. The proposed rule on data brokers. Can you share how these data brokers, how adversarial countries, use our existing rule structure, the existing marketplace?
  - **Chopra**: When you look at Equifax, etc. it has all been CCP, other state and nonstate actors, designing a way to collect information about us. Now, you don't even need to

hack, you just go and buy it. You can buy lists of people who are vulnerable. We received a lot of input. Guarding people's privacy is increasingly a national security imperative too.

- As someone who was here for Dodd Frank, one of the things that came out of that was FSOC. Candidly, I don't think FSOC has been what I hoped it would be. Senator Kennedy and I have a bill. AI and the ability to have AI manipulate the public markets. If you could just touch on the importance of FSOC and AI and financial market manipulation.
  - **Chopra**: I worry about disruptions to our Treasury markets. That could have serious effects on our economy. FSOC is good at writing reports, but it has not been exercising how to make sure these systemic events are avoided.

Kennedy (R-LA):

- Can the President fire you?
  - **Chopra**: Yes.
- Have you had any discussions with the new Administration?
  - **Chopra**: That is for you to discuss with them. No. We serve at the pleasure of the President.
- Why haven't you taken a look at what our universities have been doing in terms of tuition? 60 cents of every dollar that our kids borrow has been diverted into higher tuition payments. The universities have gotten more and more expensive. That doesn't seem fair to me. Why haven't you looked at this?
  - **Chopra**: We have found some nexus. When I was a regulator 10 years ago, we went after some of these schools.
- You went after the for-profit schools. I am talking about some of our more prominent universities. I am talking about the not-for-profit universities.
  - **Chopra**: I agree there are serious problems with how some universities can steer people into loans to borrow more and more and more. As we think about fixing our student loan system, I don't know if the existing one is one we want to keep. It is a bad cycle.
- We had a former president at LSU who was asking for yet another tuition increase from our legislature. We asked how you determine how much to increase tuition. He said he goes out in the parking lot and counts the number of BMWs. It seems to me part of the problem is that universities have gotten greedy. And it is costing more, kids are spending more to learn less. Kids are saying now it is not worth going to college. I would like you folks to look at that.
  - **Chopra**: We will keep doing that and I will follow up with you.
- You are on the FDIC Board. How many people from SVB and Signature went to jail?
  - **Chopra**: I can't comment on any investigations. If you are worried there is not enough accountability, I share that. The FDIC can't put them in jail, but DOJ has put zero in jail so far.

Warren (D-MA):

- President Trump spoke to the concerns of millions when he said he would put a 10% cap on credit card interest rates. That is the kind of big structural change that will make a big difference to families across America. Over the last decade, giant credit card companies have jacked up interest rates to historic levels. Average interest rates have nearly doubled since

2013. Much of that increase has been driven by credit card companies tacking on just a few extra percentage points of interest to pad their profits. What has the CFPB been doing to help American struggling under the weight of credit card debt?
    - **Chopra**: We have put into place some rules that will stop credit card exploitation of loopholes. Making it easier to switch. Ensure people can get the rewards they were promised.
- Would President-elect Trump's plan to lower interest rates to 10% do more to help un-rig the credit card market? And if such a cap were enacted, does the CFPB have the expertise and the capacity to enforce that?
    - **Chopra**: We certainly have the capacity to enforce it.
- Would a 10% cap help un-rig the credit card system?
    - **Chopra**: Yes. There is room for debate on where to set the number but other rate caps have allowed the market to function. As the market has grown more concentrated, and even more mega mergers potentially on the horizon, we need to make sure those credit card companies aren't coordinating to jack up rates even higher.
- And that concentration means less competition.
    - **Chopra**: Yes. And that has contributed to these fat margins.
- When the President-elect takes on the big credit card companies and lowers credit card interest rates to 10%, will he have a strong partner at the CFPB?
    - **Chopra**: The CFPB will enforce the law as written.
- I understand some people on team Trump are trying to undermine the President-elect. Billionaires are begging him to delete the agency. They are asking President-elect Trump to go back on his promise of a 10% cap.

Cortez Masto (D-NV):

- The data broker proposed rule. Last week, the CFPB requested comments from the public. What response from law enforcement have you heard? How do we find that balance? Protecting privacy but also giving law enforcement the tools they need to go after scammers.
    - **Chopra**: We want to make sure law enforcement can discharge their duties. We think many of the things we are doing will also increase accuracy of these databases. The notice has not yet been published, but it is coming soon. We will hear from all parts of the public.
- Protecting servicemembers. You noted that the Bureau secured $363 million in monetary relief from 45 public enforcement actions that involved harm to servicemembers and veterans. Thank you for the work you do. It is important. Without the CFPB doing this, who else is doing it? Can you talk about how the Bureau's work holding institutions accountable for violations of the MLA effect our servicemembers and veterans?
    - **Chopra**: During the Bush Administration, there was an important report about how financial readiness contributes to force readiness. It is not just the MLA, it is other key laws.

Britt (R-AL):

- I want to start by underscoring the need for serious reform at the CFPB. What we have seen over the last four years is blatant misuse and a politicization of the agency. The CFPB has transformed into a regulatory nightmare. When you look at the way it is structured. You have

one Director, no board, no votes, and no real congressional oversight. When you have one sole director, that is where I have a real issue. We have seen that despite a clear repudiation of this Administration's policies, the CFPB is the only financial agency continuing to push out last second rulemaking. It is unacceptable, and reforming the CFPB should be an immediate priority for the next Congress. Your efforts to eliminate medical debt from credit reports. I know we talked about what this could do to rural hospitals in my state. Taking these things into consideration, understanding the cumulative impact of the things we are doing, I think is imperative. In this instance in particular. Or the 1071 rule. The compliance costs alone are putting at risk community banks. I want to make sure the agency looks at the cumulative impacts and how rules like this hurt the most vulnerable. Meanwhile, we have financial fraud issues that are running rampant. I believe our own consumer protection agency seems to be nowhere to be found. When were you confirmed?
    - **Chopra**: September 30, 2021.
- Since that date, you have published 78 of your speeches as Director. How many of those focused on financial frauds and scam education?
    - **Chopra**: I don't know how many of them. We have done so much when it comes to cracking down and combatting fraud. Just last week, we sent $38 million to 93,000 Alabamans. We are also looking upstream at data.
- When I looked at your speeches, I found just one that actually addressed that. And then at your blog posts, I also only found one when it came to this. And one of your core functions is to enhance financial education. As the agency moves forward, I feel that actual education has to be of the utmost priority.

Van Hollen (D-MD):

- Thank you for mentioning the most recent efforts going after credit repair organizations, which really prey on those that are struggling. There is a lot to cover. Student loan issue, we need to do more on that. On medical debt, the evidence is pretty clear. People should not have their credit negatively influenced. And thank you for your work on veterans. The important work you do with respect to the nonbank platforms. As you indicated, we have small banks that are governed by all sorts of regulations. But then you have these massive platforms that lend who do not have the same oversight. That is a major role of the Bureau. Can you elaborate on why that is so important moving forward?
    - **Chopra**: We saw that it wasn't just issues with the banks leading up to the financial crisis. It was also these nonbank mortgage companies engaged in subprime lending. We just finalized a rule to make sure that those digital payment apps that people are using, that they too are not engaging in illegal privacy intrusions, etc. We need to understand that these big firms, they too should hold up their end of the bargain.
- Where do things stand on some of your student loan efforts?
    - **Chopra**: We have taken a major law enforcement action against Navient. Our order bans Navient from ever again entering the student loan servicing world.

Warnock (D-GA):

- Thank you for the actions you have taken to improve the financial lives of Americans. The CFPB has returned more than $6 billion to harmed consumers. You have been focused on junk fees and putting money back in the pockets of hard working Americans. Your work on student loans, protecting consumers in rural and underserved communities. This is critical

work that must continue. When you appeared in June, we discussed the consequences of medical debt, especially for those living in rural communities. Yesterday, Chair Brown and I sent you a letter on the importance of finalizing the proposed rule to block medical debt from appearing on most Americans' credit reports. It is an issue we have worked closely on. Medical debt is often unanticipated and it can be high even if someone is insured. How would the proposed rule protect Americans from the unfair consequences of medical debt on their credit report? Why is this rule so important?
    - **Chopra**: There are people who have a serious emergency and sometimes need to have an air ambulance. They don't get to shop around. We do not want our healthcare system leading to people being financial ruined. Our efforts and our proposed rule, we don't want there being further impacts. We shouldn't be kicking people when they are down.
- In July of last year, I held a hearing on unfair overdraft fees charged by some banks. Last week, the CFPB announced it would begin to send refund checks to Americans who were charged illegal junk fees by a group of credit repair companies. How much money will this put back in Americans' pockets?
    - **Chopra**: Just that one action I believe is about $2 billion.
- This should be a warning to any financial services company that is illegally charging junk fees.

Schiff (D-CA):

- I want to thank you for your work on combatting the sale of Americans' data to foreign adversaries. Housing. The use of algorithms or AI to set rent and when large holders of real estate use these new tools. It feels like calling around to your big competitors so I can charge the same rent, or we can all charge a higher rent. Where does market research cross the line into price fixing and what can we do about it?
    - **Chopra**: We have seen so much use of AI in housing. Technology should help people get housing, not make it worse. We should not allow this to be a vehicle for price fixing.
- Can you see in markets where they use these tools what the rent increases have been compared to other places where they have not used these tools?
    - **Chopra**: I don't have that but the DOJ's complaint and other research have showed how it can lead to collusive practices. We need to also look at how certain types of owners, private equity funds buying rental housing or single-family homes. We have to look at these business practices as well.
- On the issue of corporate ownership of housing, what work are you doing in this area?
    - **Chopra**: Our focus is on mortgage. We want to make sure people have options.

Kim (D-NJ):

- The concept of customer service government. Trying to make sure we are being responsive. Thinking through the ways people interact with government and how we make those interactions as frictionless as possible. In NJ, the CFPB has returned over $60 million just in the last year in addition to fielding complaints. I want to get a sense from you on how that component of the CFPB is working. Is there something there that can be scaled? Is there more we can be doing?
    - **Chopra**: We want government to be responsive to real problems. We have a consumer response center. Since 2021, we have seen cases surge to 200,000 a month. We

require financial institutions to respond. And we have a dashboard that shows where people are complaining and about what.

- Scams targeting the elderly. Are we making progress here? Are we moving in the right direction?
    - **Chopra**: A lot of older Americans actually get texts and calls that seem so authentic. These are so sophisticated that we need to look upstream.
- The scaling component is what I am trying to fixate on. As you are seeing this, where are we headed in terms of the capacity for AI to be used in those nefarious ways?
    - **Chopra**: This Committee played a big role in making sure that reports about consumers are not being misused or weaponized.