

M E M O R A N D U M

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: March 31, 2017

Re: April 5, 2017 Full Committee Hearing on “The 2016 Semi-Annual Reports of the Bureau of Consumer Financial Protection”

The Committee on Financial Services will hold a hearing at 10:00 a.m. on Wednesday, April 5, 2017 in room 2128 of the Rayburn House Office Building to receive the Semi-Annual Reports of the Bureau of Consumer Financial Protection (“Bureau”) and the Bureau Director’s testimony on the reports. Director Richard Cordray will be the only witness.

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203) (the “Dodd-Frank Act”) created the Bureau as an independent agency within the Federal Reserve System and charged it with regulating “the offering and provision of consumer financial products or services under the Federal consumer financial laws.”¹ The Bureau’s mission is to “implement and...enforce Federal financial consumer law consistently for the purposes of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent and competitive.”² Title X grants the Bureau’s Director the “general authority” to “prescribe rules and issue orders and guidance” to administer, enforce, and implement federal consumer financial laws.³

On July 21, 2011, responsibility for promulgating federal consumer financial protection regulations was transferred from other federal agencies to the Bureau.⁴ The Bureau also assumed supervisory and examination authority over large depository institutions, defined as those with more than \$10 billion in assets. Although prudential banking regulators retain supervisory and examination authority for financial

¹ Dodd-Frank Act § 1011(a).

² Dodd-Frank Act § 1021(a).

³ Dodd-Frank Act § 1022(b)(2).

⁴ The CFPB assumed most of its authority for enforcing consumer financial protection laws from several federal agencies, including the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Department of Housing and Urban Development, and the Federal Trade Commission.

institutions with less than \$10 billion in assets, the Bureau's examiners are authorized to participate on a "sampling" basis when prudential regulators examine institutions with less than \$10 billion in total assets.⁵

In addition to the authorities transferred to the Bureau from other federal agencies, the Dodd-Frank Act also conferred new regulatory powers upon the Bureau. Among these new authorities are: the authority to prohibit unfair, deceptive, or abusive acts or practices; the authority to supervise non-depository entities, such as payday lenders, mortgage servicers, and private education lenders; and the authority to supervise entities determined to be "larger participants" in the market for consumer financial products or services.⁶

The Dodd-Frank Act requires the Bureau Director to publish a semi-annual report on the Bureau's activities and to testify on the report before the House Financial Services and Senate Banking Committees.⁷ On June 30, 2016, the Bureau issued its ninth Semi-Annual Report to the President and Congress. The Report covers the Bureau's activities from October 1, 2015 through March 31, 2016.⁸ On December 15, 2016, the Bureau issued its tenth Semi-Annual Report to the President and Congress. The Report covers the Bureau's activities from April 1, 2016 through September 30, 2016.⁹ This hearing will explore both reports.

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⁵ Dodd-Frank Act § 1026(c).

⁶ Dodd-Frank Act §§ 1021(b) and 1024(a).

⁷ Dodd-Frank Act § 1016.

⁸ Semi-Annual Report of the Consumer Financial Protection Bureau: October 1, 2015 – March 31, 2016, *available at* https://files.consumerfinance.gov/f/documents/Report.Spring_2016_SAR.06.28.16.Final.pdf.

⁹ Semi-Annual Report of the Consumer Financial Protection Bureau: April 1, 2016 – September 30, 2016, *available at* https://files.consumerfinance.gov/f/documents/122016_cfpb_SemiAnnualReport.pdf.