

**Testimony of Richard Cordray**  
**Director**  
**Consumer Financial Protection Bureau**  
**United States House of Representatives**  
**Committee on Financial Services**  
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Chairman Bachus, Ranking Member Frank, and Members of the Committee, thank you for inviting me to testify today about the Semi-Annual Report of the Consumer Financial Protection Bureau.

A little over one year ago, the Consumer Bureau became the nation's first federal agency focused solely on protecting consumers in the financial marketplace. The Semi-Annual Report we are discussing today covers our activities from January 1 through June 30 of this year.

As the report shows, we have been using all of the tools at our disposal to help protect consumers across this country. We pledge to continue our work to promote a fair, transparent, and competitive consumer financial marketplace.

Through our regulatory tools, we have proposed smarter rules that will help fix the broken mortgage market with common-sense solutions. We are writing rules that simplify mortgage disclosure forms and rules that make sure consumers do not receive mortgages that they do not understand or cannot afford. Our rules will also bring greater transparency and accountability to mortgage servicing. And our careful process is that before we propose a rule, a team of attorneys, economists, and market experts evaluates its potential impacts, burdens, and benefits for consumers, providers, and the market.

Our push for accountability extends beyond mortgage servicing. We are holding both banks and nonbanks accountable for following the law. Prior to my appointment, nonbanks had never been federally supervised. The financial reform law specifically authorized us to supervise nonbanks in the markets of residential mortgages, payday loans, and private student loans. We also have the authority to supervise the "larger participants" among nonbanks in other consumer finance markets as defined by rule. So far, we have added credit reporting companies to this group.

It is important for us to exercise sensible oversight of the consumer finance markets, but it is also important that we empower consumers themselves to make responsible financial decisions. Our "Know Before You Owe" campaign involves us working to make mortgages, credit cards, and student loans easier to understand. We also developed "AskCFPB," an interactive online database with answers to consumers' frequently asked questions. We also launched the first-ever database of individual complaints about financial products, starting with credit cards. Consumers can use the website to review and analyze information and draw their own conclusions about the customer service provided with these financial products.

We also think it is important to engage directly with consumers so we know more about the struggles and frustrations they encounter in their daily lives. The Bureau has held numerous

field hearings across the country so we can talk face to face with consumers on a variety of topics. Our website has a feature called “Tell Your Story,” which encourages consumers to share with us their personal stories to help inform our approach in addressing issues in the financial marketplace. And, perhaps most significantly, we help to resolve consumer disputes with lenders by taking complaints on our website at [consumerfinance.gov](http://consumerfinance.gov), as well as by mail, fax, phone, and by referral from other agencies. As of September 3, we have received 72,297 consumer complaints about credit cards, mortgages, and other financial products and services, and the pace of complaints has been increasing over the past year.

All of these processes – rulemaking, supervision, enforcement, and consumer engagement – provide us with valuable information about consumer financial markets. We engage in extensive outreach to large and small institutions, including banks and nonbanks, to gather the best current information as we make policy decisions. We pride ourselves on being a 21<sup>st</sup>-century agency whose work is evidence-based. So we also conduct our own in-depth studies on consumer financial products, such as reverse mortgages and private student loans. We have issued public requests for information that seek input from consumers, industry, and other stakeholders on issues such as overdraft fees, prepaid cards, and the financial exploitation of seniors.

The new Consumer Bureau has worked on all of these projects while being fully engaged in start-up activities to build a strong foundation for the future. The Bureau has worked to create an infrastructure that promotes transparency, accountability, fairness, and service to the public. Our first year has been busy and full, and this report reflects considerable hard work done by people whom I greatly admire and respect. They are of the highest caliber and they are deeply dedicated to public service. We look forward to continuing to fulfill Congress’s vision of an agency that helps all Americans by improving the ways and means of their financial lives.

Thank you.