

Testimony of Richard Cordray
Director, Consumer Financial Protection Bureau
Before the House Committee on Financial Services
June 18, 2014

Chairman Hensarling, Ranking Member Waters, and Members of the Committee, thank you for inviting me to testify today about the Semi-Annual Report of the Consumer Financial Protection Bureau.

The Consumer Financial Protection Bureau is the nation's first federal agency with the sole focus of protecting consumers in the financial marketplace. Financial products like mortgages, credit cards, and student loans involve some of the most important financial transactions in people's lives. Since we opened our doors, we have been focused on making consumer financial markets work better for the American people, the honest businesses that serve them, and the economy as a whole.

My testimony today focuses on the Bureau's fifth Semi-Annual Report to Congress, which describes the Bureau's efforts to achieve its important mission. Through fair rules, consistent oversight, appropriate enforcement of the law, and broad-based consumer engagement, the Bureau is helping to restore American families' trust in consumer financial markets, to protect American consumers from improper conduct, and to ensure access to fair, competitive, and transparent markets.

Through our enforcement actions to date, we have aided in efforts to refund more than \$3.8 billion to consumers who fell victim to various violations of consumer financial protection laws. In the fall of 2013, for the first time, we took action, in conjunction with multiple state Attorneys General, against an online loan servicer for illegally collecting money that consumers did not owe. We took action against a payday lender for overcharging servicemembers in violation of the Military Lending Act, and robo-signing court documents. We took action against an auto lender for discriminatory loan pricing. And we partnered with 49 states in bringing an action against the nation's largest nonbank mortgage loan servicer for misconduct at every stage of the mortgage servicing process.

In January, mortgage rules that the Bureau issued to implement provisions of the Dodd-Frank Act took effect, establishing new protections for homebuyers and homeowners. During the reporting period, we also issued another major mortgage rule mandated by the Dodd-Frank Act: a final rule to consolidate and improve federal mortgage disclosures under the Truth in Lending Act and the Real Estate Settlement Procedures Act, which we have called "Know Before You Owe." We also issued an Advance Notice of Proposed Rulemaking on debt collection, asking the public in-depth questions about a range of issues relating to the debt collection market, which is the Bureau's most frequent source of consumer complaints.

To promote informed financial decision-making, we have continued providing consumers with online resources, including the AskCFPB section of our website, where we have answers for over 1,000 frequently-asked questions.

A premise at the heart of our mission is that consumers should be treated fairly in the financial marketplace, and that they deserve a place that will facilitate the resolution of their complaints when that does not happen. As of June 1, 2014, we have received nearly 375,000 consumer complaints on credit reporting, debt collection, money transfers, bank accounts and services, credit cards, mortgages, vehicle loans, payday loans, and student loans.

The progress we have made has been possible thanks to the engagement of hundreds of thousands of Americans who have used our consumer education tools, submitted complaints, participated in rulemakings, and told us their stories through our website and at numerous public meetings from coast to coast. We have also benefited from an ongoing dialogue and constructive engagement with the institutions we supervise, as well as with community banks and credit unions, with whom we regularly meet.

Our progress is also thanks to the extraordinary work of the Bureau's employees – dedicated public servants of the highest caliber who are committed to promoting a fair consumer financial marketplace. The Bureau's employees are our greatest asset.

They are the reason I took decisive and comprehensive action to remedy the problems related to our performance ratings system. After our analysis showed ratings disparities across a wide range of employee characteristics, we negotiated with our union to discard the system, announced that we would adjust past compensation, and agreed to a joint working group with our union to design a new system. By self-correcting and self-remediating disparities in our performance ratings, I am also holding us to the same standard we expect from the industries we oversee.

I have also elevated our Office of Minority and Women Inclusion (OMWI) to work directly out of my office and tasked the head of OMWI, Stuart Ishimaru, with conducting Bureau-wide listening sessions to hear directly from our employees about their experience with equality and fairness. We have also instituted additional mandatory Equal Employment Opportunity training for all of our managers. We will continue to work on creating an organization that consciously embraces diversity.

Chairman Hensarling, Madam Ranking Member, each day, Bureau employees work to accomplish the goals of renewing people's trust in the marketplace and ensuring that markets for consumer financial products and services are fair, transparent, and competitive. These goals not only support consumers in all financial circumstances, but also help businesses compete on a level playing field, and reinforce the stability of our economy as a whole.

Thank you for the opportunity to appear before you. I appreciate the benefit of your active interest and oversight. And I look forward to your questions today.