



Statement of Francis Creighton

President & CEO

Consumer Data Industry Association

Before the

Subcommittee on Oversight & Investigations

Committee on Financial Services

United States House of Representatives

Hearing on

“Financial Services and the LGBTQ+ Community:

A Review of Discrimination in Lending and Housing”

October 29, 2019

Chairman Green, Ranking Member Barr, and Members of the Subcommittee, thank you for the opportunity to appear before you.

My name is Francis Creighton, and I am President & CEO of the Consumer Data Industry Association. You have asked me to testify about discrimination in lending and housing experienced by the LGBTQ+ community and I appreciate the opportunity to appear before you.

CDIA is the voice of the consumer reporting industry including the nationwide credit reporting agencies (CRAs), regional and specialized credit bureaus, background check and residential screening companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help all consumers – regardless of age, race, gender identity, sexual identification or any other discriminatory qualifier – achieve their financial goals, and to help businesses, governments and volunteer organizations avoid fraud.

Through data and analytics, CDIA members help to ensure fair and safe transactions for consumers, facilitating competition, and expanding consumers' access to financial and other products suited to their unique needs. Our members' market-leading innovations prevent fraud and ease people into homes, jobs and cars with quiet efficiency. CDIA members' data and analytics are used to locate crime victims and fugitives and help keep workplaces and apartment tenants safe. Our members work every day to empower economic opportunity for consumers, businesses, government agencies and nonprofits.

Consumer reporting agencies are governed by many federal and state statutes, rules and judicial opinions, but the touchstone of the laws that govern our industry is the federal Fair Credit Reporting Act (FCRA). According to the law's findings (15 U.S.C. § 1681(a)(4)), Congress expressly sought to make sure the credit reporting system is fair for consumers.

As a result of the FCRA and the hard work of our members, data furnishers and data users, consumers today benefit from a democratic, accurate and fair credit system. Consumers have the liberty to access credit anywhere in the country from a wide variety of lenders based solely on their own personal history of handling credit. Families buying a home for the first-time access mortgage products that suit their individual needs and capabilities. Young people who have new jobs in a new city can go to an auto dealer and drive away with a financed car even without any history in that community. Thanks to our members' data and analytics, new credit opportunities from new kinds of lenders are constantly evolving to meet individual needs.

If a consumer has been a responsible user of credit in the past, lenders and others are more likely to offer credit at the most favorable terms – terms that previously were reserved for the wealthy. Credit reporting companies and other CDIA members are helping solve the problem of the unbanked and credit invisible populations by expanding the kinds of data collected, such as rental history or payments on telephone and other utility bills, giving lenders and others information that allow more consumers to responsibly access traditional financial services and integrate consumers into the mainstream financial system.

Consumers are the main beneficiary of our credit reporting system. Most consumers pay their bills on time and are rewarded for doing so when they seek out new credit and their report shows a positive history. Without the credit reporting system, lenders would not be able to judge whether individuals applying for credit have previously paid their bills on time, and interest rates on loan products would have to increase for everyone to account for the added risk, with consumers who have been consistently paying bills on time losing out.

Credit reports also give a variety of different kinds of lenders access to the same kind of information, giving a local community bank or credit union a chance to compete against a trillion-dollar financial institution. As Richard Cordray, former Director of the Consumer Financial Protection Bureau (CFPB), said in 2012 at a Field Hearing:

“Without credit reporting, consumers would not be able to get credit except from those who have already had direct experience with them, for example from local merchants who know whether or not they regularly pay their bills. This was the case fifty or a hundred years ago with “store credit,” or when consumers really only had the option of going to their local bank. But now, consumers can instantly access credit because lenders everywhere can look to credit scores to provide a uniform benchmark for assessing risk.”<sup>1</sup>

For this hearing, it is important to know what is and is not in a credit report. Credit reports do not include sexual orientation. Credit reports do not include gender identity or sex assigned at birth. Credit reports do not include marital status or spouse. They also do not contain data on race, color, religion or national origin.

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<sup>1</sup> Cordray, Richard. Prepared Remarks by Richard Cordray on Credit Reporting (July 16, 2012) (accessed October 24, 2019), <https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-by-richard-cordray-on-credit-reporting/>.

Credit reports include the following identifying information: name, address, date of birth and Social Security Number (used only as an identifier). For each account, or “tradeline,” credit reporting agencies maintain: creditor name, account type, account number, date opened, credit line, balance and payment history. If an individual has had a bankruptcy in the last ten years, that appears as well.

One of the great benefits of our nation’s competitive credit reporting system is that it delivers factual information which serves as a check against individual biases and assumptions. The reliable consumer report information provided by our members gives lenders and creditors the tools they need to achieve the goal of fair and equitable treatment for each consumer, while also contributing to safe and sound lending practices. Without this system, subjective judgements could be made on factors other than the facts of creditworthiness.

In closing, we again thank you for the opportunity to contribute to this hearing. I hope my testimony today has offered the Subcommittee some helpful insights in to the fair and equitable contributions consumer reporting agencies have made to the American economy and consumers in this country. I look forward to your questions.