



June 10, 2014

The Honorable Jeb Hensarling
Chairman
Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

The Consumer Bankers Association (CBA)¹ commends you for your work on a number of legislative proposals that will make the Consumer Financial Protection Bureau (CFPB) more accessible, and ultimately better for consumers. Increased transparency from the Bureau and greater opportunities for public input are laudable goals. The bills under consideration today fall squarely within our mission: *to preserve and promote the retail banking industry as it strives to fulfill the financial needs of the American consumer and small business*. CBA supports your Committee's efforts to make changes to the Bureau which will allow the financial services industry to also better serve consumers.

The Bureau has been gathering greater amounts of consumer data from industry sources, though it has never been clear to the public how their data will be used. With the obvious risk of data breaches proliferating in our society—a risk that has been borne at a cost to consumers, lenders, and others—the creation of an unprecedented database raises understandable concerns. More transparency would help allay these concerns shared by consumers and our industry.

Public input is one of the most important touchstones for the CFPB as it makes policy. As an independent agency headed by a single director, with no formal accountability to the public it regulates, the importance of a formal mechanism for public input through notice and comment rulemaking is paramount. At times, the Bureau appears reluctant to engage in the administrative process necessary to provide that input, relying instead on informal guidance coupled with enforcement actions. In March 2013, for example, the Bureau issued a bulletin describing disparate impact concerns for indirect automotive lending, but did not specify how lenders can ensure full compliance with the Bureau's legal expectations. This has left the industry with unanswered questions as to how to work with dealers to

¹ The Consumer Bankers Association (CBA) is the trade association for today's leaders in retail banking - banking services geared toward consumers and small businesses. The nation's largest financial institutions, as well as many regional banks, are CBA corporate members, collectively holding two-thirds of the industry's total assets. CBA's mission is to preserve and promote the retail banking industry as it strives to fulfill the financial needs of the American consumer and small business.

provide loans that are both responsible and affordable. Notice and comment rulemaking would also mean more opportunities for input that would be both pragmatic and constructive, leading to sounder policy.

Transparency and public input were instrumental in making a number of important changes at the CFPB. Most recently, the Bureau announced it would make meetings of its Consumer Advisory Board open to the public – this move will provide sunlight into the inner workings of the Bureau. Not long ago, the Bureau announced it would no longer include enforcement attorneys with its examination teams – CBA had long been critical of this policy which stifles an honest dialogue between financial institutions and their regulator. The Bureau has also indicated they are working towards more efficient examinations and we are eager to see them reach their goal of closing exams within 120 days.

The lack of transparency and opportunity for input with the CFPB, coupled with the overall regulatory environment, is still shackling financial services providers' ability to innovate and provide much needed credit to the still recovering economy. CBA member banks are continuously looking for new opportunities to serve their customers, whether this means providing new products or better ways to communicate with them. However, every new idea runs the risk of being stifled when banks are unsure of how their regulator will react.

CBA welcomes a bipartisan approach to legislating and is encouraged by the broad support garnered by many of the bills under consideration today. CBA is determined to continue this important work with the Committee.

Sincerely,

A handwritten signature in black ink that reads "Richard Hunt". The signature is written in a cursive, flowing style.

Richard Hunt
President and CEO
Consumer Bankers Association