

May 21, 2019

Dear Members of Congress:

The undersigned trade associations representing thousands of banks, credit unions, and financial institutions of all sizes that serve America's consumers write to express our opposition to the Green Amendment (#29) to H.R. 1500. The amendment would reinstate the Consumer Financial Protection Bureau's (CFPB) rule on arbitration agreements which Congress voted to disapprove in 2017. Returning to this flawed rule would undermine the ability of the members of our organizations to continue to offer arbitration, which is a convenient, simple, and efficient dispute resolution process for our customers. Arbitration can ensure that consumers receive faster, more cost-effective, and higher recovery resolutions than offered by class action litigation favored by trial attorneys, and it will be harmful to these consumers if this dispute resolution process is eliminated.

In addition to being inconsistent with the findings of the Bureau's 2015 arbitration study, the CFPB's rule was contrary to the public interest and at odds with consumer protection. The Bureau's own examination of arbitration found it to be a faster, more cost-effective, and higher recovery alternative to class action litigation in resolving consumer disputes. In fact, arbitration is up to 12 times faster than litigation in providing consumers with a resolution to their dispute. Additionally, the CFPB's study found the average cash relief for consumers in arbitration is a notable \$5,400 and for consumers in class action a meager \$32. The facts are simple – consumers in class actions receive pennies on the dollar while trial lawyers have collected approximately \$424 million in fees over the period studied, an average of more than \$1 million per case.

Finally, according to the CFPB, the rule would lead to a rise in litigation costs, which would be passed through to consumers either through higher prices or reduced quality of products or services. Put simply, the CFPB's rule would harm the consumers it purports to help, instead enriching trial attorneys at their expense. Congress agreed and in 2017 it passed a resolution of disapproval to repeal the flawed rule.

For the reasons outlined above, the undersigned trade organizations urge the House of Representatives to oppose the Green Amendment which contradicts Congress's previous decision on this matter. Preserving arbitration as a dispute resolution process will provide consumers with a faster, more cost-effective, and higher recovery alternative to class action lawsuits.

Sincerely,

American Bankers Association  
Bank Policy Institute  
Consumer Bankers Association  
Credit Union National Association  
National Association of Federally-Insured Credit Unions