Minority Views

H.R. 3193, "Consumer Financial Protection Safety and Soundness Improvement Act of 2013"

The Consumer Financial Protection Bureau (CFPB or Bureau) is the only bank regulator whose rules can be overturned by a vote of its fellow regulators on the Financial Stability Oversight Council (FSOC); an extraordinary limit on the CFPB's powers. The CFPB is also constrained by rulemaking requirements that do not exist at the other independent financial regulators. H.R. 3193 lowers the bar for overturning CFPB rules in two ways – decreasing the number of votes required by the FSOC and increasing the number of reasons a rule can be overturned.

Currently, 2/3 of the regulators on the Financial Stability Oversight Council must agree to overturn a CFPB rule. This bill lowers that threshold to a simple majority. The FSOC, which is composed of many of the same regulators who neglected to appropriately consider consumer protections in the run up to the 2008 Financial Crisis, would only need 5 votes, rather than the current 7, to overturn a CFPB rulemaking.

The bill also lowers the threshold the FSOC needs to consider overturning a CFPB rulemaking, by establishing a broad and vague standard that a rulemaking shall be reviewed if it is merely "inconsistent with the safe and sound operations of United States financial institutions." By lowering the standard for overturning a rule the bill implies that consumer protection is somehow incompatible with the safe and sound operation of the financial system. However, it is readily apparent from the 2008 Financial Crisis that an increased focus on consumer protection would have benefitted the safety and soundness of the financial system, and that short-term profitability of complex financial products was not a reliable indicator of a financial institution's health. Prudential regulators cannot be empowered to undermine consumer protection regulations to preserve business models that rely on unfair, deceptive, or abusive acts and practices. It is in fact crucial to the safety and soundness of the financial system to have a strong and independent consumer financial product regulator.

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains numerous provisions to enhance the safety and soundness of the financial system, including the creation of the Consumer Financial Protection Bureau. Opponents of the Dodd-Frank Act have steadfastly opposed all efforts to increase financial stability. It is clear that the purpose of H.R. 3193 is neither to increase regulatory certainty nor financial stability, but to impede the CFPB in its mission of protecting American consumers.

H.R. 3193 "Consumer Financial Protection Safety and Soundness Improvement Act of 2013"

Maxine Waters

Rubén Hinojosa

[illegible]

[illegible]

[illegible]

Joyce Beatty

[illegible]

[illegible]

Gregory [illegible]

Terri Sewell

[illegible]

Emanuel Cleaver

[illegible]

Keith Ellison

Michael E. Capuano

[illegible]

Bill Foster

Al Green

Denny Heck

John Carney

[illegible]

Wm. Lacy Clay

Ed Perlmutter

Brad [illegible]