

## **Consumer Financial Protection Agency (CFPA)**

The Consumer Financial Protection Agency would be a federal agency whose sole mission would be to protect consumer from dangerous financial products and practices.

### **Why do we need the CFPA?**

**Because no one is watching out for consumers.** For years, consumers have dealt with toxic mortgages, outrageous interest rates, and unreasonable bank fees, all in a largely unregulated market. Federal agencies are responsible for regulating all other consumer products; it's time there was an agency completely dedicated to protecting consumers from dangerous financial products. If this kind of agency had been in place earlier, consumers would have been better protected from subprime loans and other abusive loan products.

The banking industry is using all their energy to prevent the creation of the CFPA. They would rather continue with business as usual and carry on with the same practices that got us into this bad economic situation in the first place. We need a new system in which consumers can be assured they're not being tricked into giving up their financial assets in exchange for bad products; we need the CFPA.

### **What would the CFPA do?**

**The CFPA would regulate consumer financial products.** Right now, there are seven agencies who share the responsibility of consumer protection, but none of them have it as their top priority. A CFPA would consolidate this task and have the power to write and enforce rules regarding consumer protection. It would:

- Ensure that credit and payment products do not have predatory or deceptive features
- Ban products which don't meet certain safety requirements
- Conduct research and investigations into credit industry products and services
- Stay on top of market innovation to make sure new products meet safety requirements
- Provide consumers with high quality information about how to avoid abusive lending and credit problems

In addition to improving current regulatory practices, the CFPA would allow for oversight for products and practices which are presently ignored by federal agencies. These include payday loans, bank fees, and credit scoring agencies.

Because the CFPA would regulate the entire range of products and practices in consumer lending, it would be able to address problems promptly and effectively. In the current system, passing new regulations is a complicated and lengthy process. As a result, bad products can infiltrate the market and create widespread issues before anything can be done to prevent them. The CFPA would be able to put a stop to these products and practices before they can hurt consumers.

### **Legislative Update**

Legislation to create the CFPA has been introduced in the House (HR 3126) and has been discussed in the Senate. HR 3126 passed out of the House Financial Services Committee in October 2009.

*For more information and updated information regarding the creation of the CFPA, visit [www.ourfinancialsecurity.org](http://www.ourfinancialsecurity.org).*