



Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

November 13, 2014

Dear Representative,

On behalf of Americans for Financial Reform and its undersigned member groups, we urge you to oppose S. 2732, the “Consumer Financial Protection Bureau Examination and Reporting Threshold Act of 2014.” This legislation would increase from \$10 billion to \$50 billion the asset threshold for “large banks” that are subject to supervision by the Consumer Financial Protection Bureau (CFPB).

The CFPB exists to address consumer financial fraud and abuse by the financial industry. The CFPB was created both to protect consumers and to help our country avoid a repeat of the conditions that led to the most recent crisis, and also led to large losses of wealth for millions of Americans. The Dodd-Frank Act granted the CFPB supervisory authority over the very largest depository institutions in the U.S.—those with over \$10 billion in assets—in order to ensure that consumer interests were not overlooked in the regulation of the largest banks. As specialists in consumer financial protection, CFPB examiners have greater expertise in these issues than examiners for other banking agencies. Their efforts are urgently needed at our largest banks.

The CFPB’s bank supervision program currently oversees only the very largest banks and credit unions; it includes 112 depository institutions with total assets over \$10 billion.¹ These institutions hold \$12.5 trillion in total assets, or more than 80 percent of the banking industry’s assets.² This bill proposes to raise the threshold for supervision to \$50 billion, removing banks with between \$10 and \$50 billion in assets from CFPB supervision. This would leave the CFPB with supervisory authority over only 38 banks, exempting two-thirds of the banks the CFPB currently supervises and 99 percent of all banks in the U.S. The assets held by the 74 banks that this legislation would remove from CFPB supervision total well over \$1 trillion.

Over 98% of banks and credit unions in the U.S. have less than \$10 billion in assets and thus already do not fall under CFPB supervision, but continue to be supervised for compliance with consumer laws by their prudential regulator. The banks with over \$10 billion in assets that are supervised by the CFPB are not small banks, and certainly are not community banks. Over

¹ The Bureau does not directly supervise banks with under \$10 billion in assets, though its rules do apply to them.

² Consumer Financial Protection Bureau, “CFPB Depository Institutions (CFPB DI’s), Based on 6/30/14 Total Assets.” http://files.consumerfinance.gov/f/201409_cfpb_depository-institutions-list.pdf

99.5% of community banks have fewer than \$5 billion in assets, and these banks hold 94% of community banking assets.³

The proposal in this legislation to remove large banks from CFPB supervision threatens grave harm to the hundreds of millions of consumers who are beginning to benefit from effective oversight of these institutions. There does not appear to be much justification for this policy change either. Contrary to the suggestion that banks are suffering from overregulation, large banks, including banks with assets between \$10 billion and \$50 billion, are prospering in the current economic climate. During the first six months of 2014 not a single bank with assets of more than \$10 billion registered a loss – every single one was profitable. Smaller banks were not as profitable—more than 12% of banks with less than \$100 million in assets did register losses.

Ending CFPB supervision of large banks with assets over \$10 billion would greatly reduce the agency’s ability to effectively oversee the banking industry. The CFPB is uniquely situated to effectively supervise on consumer issues and protect the public, as it has the greatest expertise in this area of any Federal regulatory agency. The Bureau’s examination process is uniquely effective at both ensuring that banks are complying with laws, and detecting and assessing risks to both individual consumers and broader consumer financial markets.

CFPB oversight of banks with between \$10 and \$50 billion has already made a difference. GE Capital Retail Bank, for instance, at approximately \$18 billion in assets, has already been the subject of two major CFPB enforcement actions—one for illegal and discriminatory credit card practices, and one for deceptive health care credit card enrollment tactics.⁴ Banks like GE Capital Retail Bank are proving that they have a long way to go to truly serve the best interests of their consumers. Exempting these banks from CFPB supervision would strip the CFPB of its ability to ensure banks’ compliance with consumer laws, hurting consumers in the process.

The agency’s ability to hold banks accountable for compliance with consumer financial laws is creating a more fair and transparent marketplace for consumers, and will create a better environment for the honest businesses that serve them. The CFPB’s supervisory authority over big banks should continue to apply to all banks over \$10 billion. Some 98% of smaller banks will continue to be supervised by their prudential regulators; but the CFPB should retain authority over the full 2% that constitute our very largest banks.

³ This comes from the FDIC Quarterly Banking Profile, available at <https://www2.fdic.gov/qbp/index.asp>, and the 2012 FDIC Community Banking Study, available at <https://www.fdic.gov/regulations/resources/cbi/study.html>.

⁴ See 19 Jun 2014, “CFPB Orders GE Capital to Pay \$225 Million in Consumer Relief for Deceptive and Discriminatory Credit Card Practices,” <http://www.consumerfinance.gov/newsroom/cfpb-orders-ge-capital-to-pay-225-million-in-consumer-relief-for-deceptive-and-discriminatory-credit-card-practices/> and 10 Dec 2013, “CFPB Orders GE CareCredit to Refund \$34.1 Million for Deceptive Health-Care Credit Card Enrollment,” <http://www.consumerfinance.gov/newsroom/cfpb-orders-ge-carecredit-to-refund-34-1-million-for-deceptive-health-care-credit-card-enrollment/>

Thank you for your consideration.

Sincerely,

AFL-CIO

Americans for Financial Reform

California Reinvestment Coalition

Community Legal Services, Philadelphia

Connecticut Fair Housing Center

Consumer Action

Consumer Federation of America

Empire Justice Center

NAACP

National Consumer Law Center (on behalf of its low income clients)

National Council of La Raza

National Fair Housing Alliance

National Housing Resource Center

U.S. PIRG

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- Government Accountability Project
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defenders League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development

- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Partners

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)

- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- New Economy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network

- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- UNET

