



The CFPB and why it matters to

Communities of Color and the Cause of Equal Rights

The Consumer Financial Protection Bureau (CFPB) was created after the financial crisis to bring basic rules of fair play to a place where they had been badly lacking: the world of consumer finance. Since it got up and running in 2011, the CFPB has won [broad public support](#) for actions that have made it harder for banks and other financial companies to deceive and exploit their customers – and easier for customers to recover money wrongfully taken from them.

Communities of color have a big stake in making sure the CFPB stays independent and effective. That's because the Consumer Bureau has been a strong ally in the fight for fair and affordable credit and against abusive, discriminatory, and exclusionary lending; and issues of credit and debt play a crucial part in the struggle for racial justice.

Before the financial crisis of 2008, federal banking regulators allowed mortgage brokers and lenders to steer many African-American and Latino homeowners away from safer, lower-interest loans into deceptive higher-cost loans that were much more likely to fail. Many brokers even got “kickbacks” for saddling people with unnecessarily expensive subprime mortgages. That's just one of the deceptive practices now barred by new mortgage rules that the CFPB created – over intense industry opposition.

The CFPB has also proposed the first nationwide rules (moving toward completion in 2017) against payday, car-title, and installment loans that suck people into unmanageable debt. Because of the payday lending industry's [long record](#) of targeting minority communities, Latino and African-American borrowers have been especially likely to wind up with triple-digit-interest loans that are engineered to fail.

The Bureau has also proposed rules to prevent fee-gouging on prepaid debit cards, which [many people of color use to manage](#) their money. African-Americans and Latinos are [five times](#) more likely than whites to be unbanked.

The CFPB has championed the interests of consumers not only by improving the rules, but by working hard to enforce them. Since it got up and running in 2011, CFPB enforcement actions have delivered [almost \\$12 billion in financial relief](#) to more than 29 million consumers cheated by financial companies large and small. Millions more consumers have taken advantage of the CFPB's complaint system to report bad experiences and, in many cases, secure refunds or other forms of help directly from the companies involved.

In addition to its efforts to crack down on financial industry tricks and traps that affect consumers of all races, the CFPB has taken aggressive action against discrimination and practices that cause disproportionate harm to borrowers of color.

In December 2013, the Bureau and the Department of Justice [announced a settlement](#) with Ally Financial over inflated auto loan charges. They found that the average African-American car buyer receiving an Ally loan paid more than \$300 in extra interest over the course of the loan above the amount paid by white borrowers with similar qualifications. Ally was ordered to pay \$80 million in damages to African-American, Hispanic, and Asian and Pacific Islander borrowers in addition to \$18 million in penalties.

The CFPB's willingness to pursue numerous cases of "disparate impact" is one of the reasons the financial industry and its friends on Capitol Hill are working so hard to cripple this agency. In other enforcement actions, the Consumer Bureau has:

- Resolved the largest redlining case in history against [Hudson City Savings](#), which will pay nearly \$33 million in direct loan subsidies, funding for community programs and outreach, and a civil penalty for structuring its business to avoid (and discourage mortgage access for) residents of majority-Black-and-Hispanic neighborhoods in New York, New Jersey, Connecticut, and Pennsylvania.
- Worked with the Justice Department to force the Mississippi-based [BancorpSouth](#) to pay \$10.6 million in penalties and borrower relief after an undercover investigation in which the Bureau used black and white "mystery shoppers" with similar credit records to document a pattern of discriminatory lending.
- Joined in a fair-lending lawsuit against [National City Bank](#) (an Ohio bank since merged with PNC) that led to payments of over \$35 million to tens of thousands of African-American and Hispanic borrowers who had been charged higher prices on their mortgage loans.
- Secured \$2.5 million in fines and relief from a [New Jersey debt collector](#) that sued hundreds of thousands of people over debts that in many cases "were not verified and might not exist," as CFPB Director Richard Cordray said in announcing the action.
- Required [Fifth Third Bank](#) to establish safeguards against discriminatory auto lending and pay \$18 million in restitution. Fifth Third's past practices resulted in thousands of African-American and Latino borrowers paying higher interest rates than economically comparable white borrowers.

The CFPB is doing the crucial work it was created to do. Through its rule-writing as well as its enforcement work, the Consumer Bureau has stood up for fair and inclusionary market practices. If Wall Street lobbyists and their political allies succeed in undermining this agency, we will see a new wave of exclusionary and predatory banking and lending. We cannot let that happen.

You can make a difference by contacting your elected officials and speaking up for the Consumer Financial Protection Bureau and its continued independence and effectiveness.