

TESTIMONY OF
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UNITED STATES SENATE
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

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The views expressed in this testimony are those of the Director, and do not necessarily reflect the views of the Board of Governors of the Federal Reserve or the President of the United States.

Holding the CFPB Accountable: Review of the First Semi-Annual Report

Chairman Johnson, Ranking Member Shelby, and members of the Committee, I want to thank you for this opportunity to present the first “Semi-Annual Report of the Consumer Financial Protection Bureau” detailing the Bureau’s accomplishments in its first six months.

Before I became Director, I promised members of Congress in both chambers and on both sides of the aisle that I would be accountable to you for how the Consumer Bureau carries out the laws you enact. I said that I would always welcome your thoughts about our work. I stand by that commitment. I am pleased to be here with you today to tell you about our work and to answer your questions.

The people who work at the Consumer Bureau are always happy to discuss our work with the Congress. This is the 13th time that we have testified before either the House or the Senate. And my colleagues and I look forward to working closely with you, with the businesses who serve their customers in the consumer finance markets and with the millions of American consumers themselves.

I am honored to serve as the first Director of the new Consumer Bureau. I am energized and inspired by the many talented people who work at the CFPB, and I am driven by the challenges and responsibilities of our mission to protect American consumers.

Our mission is of critical importance to making life better for Americans. Consumer finance is a big part of all our lives. Mortgages allow people to buy a home and spread the payments over many years. Student loans give young people with talent and ambition the access to a college education. Credit cards give us immediate and convenient access to money when we need it. These products enable people to achieve their dreams. But as we all have seen in recent years, they also can create dangers and pitfalls if they are misused or not properly understood.

During my years in state and local government I became deeply engaged in consumer finance issues. I saw good people struggling with debt they could not afford. Sometimes those people made bad decisions they came to regret. Sometimes an unexpected event – like a loved one getting sick or a family member losing a job – overwhelmed even their most careful planning. Still other times, I saw unscrupulous businesses who obscured loan terms or engaged in outright fraud, causing substantial harm to unsuspecting consumers and even ruining their lives and devastating their communities.

I am certain that each one of you hears every day from your friends, your neighbors, and constituents in your district who have these kinds of stories to tell. These people do not want or expect any special favors. They just ask for a fair shake – and a chance to get back on track toward the American Dream.

One of our primary objectives at the Consumer Bureau is to make sure the costs and risks of these financial products are made clear. People can make their own decisions, and nobody can or should try to do that for them. But it is the American way for responsible businesses to be straightforward and upfront with their customers, giving them all the information they need to make informed decisions. That is good for honest businesses and good for the overall economy. A particular quote caught my eye recently, which embodies this view: “Free men engaged in free enterprise build better nations with more and better goods and services, higher wages and

higher standards of living for more people. But free enterprise is not a hunting license.” That was Governor Ronald Reagan in 1970. I agree with what he said, and it is a view widely shared by the people who work with me at the Consumer Bureau.

So another key objective is making sure that both banks and their nonbank competitors receive the evenhanded oversight necessary to promote a fair and open marketplace. Our supervisors will be going on-site to examine their books, ask tough questions, and fix the problems we uncover. Under the laws enacted by Congress, and with a director now in place, we have the ability to make sure this is true across all financial products and services.

The Consumer Bureau will also make clear that violating the law has consequences. Through our field examiners, our direct contact with consumers and businesses, and our highly skilled researchers, we have multiple channels to know the facts about what is happening in the marketplace. We plan to use all of the tools available to us to ensure that everyone respects and follows the rules of the road. Where we can cooperate with financial institutions to do that, we will; when necessary, however, we will not hesitate to use enforcement actions to right a wrong.

As we move forward with our work, we need to hear directly from the consumers we protect and the businesses who serve them. We do this on our website, consumerfinance.gov, where consumers are able to tell us their personal stories. We also make a point to get out of Washington regularly and hear from people first-hand. Thus far we have held town hall meetings in Philadelphia, Minneapolis, Cleveland, and a field hearing in Birmingham. We are hearing from thousands of Americans about what works and what does not. We are listening closely, and we hope that many of you will join us at these events when we come to visit your communities.

Accomplishing our mission will take time. But, as you can see from our semi-annual report, we are already taking important steps to improve the lives of consumers.

Thank you. I look forward to your questions.