Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
June 13, 2023 at 10:00 AM

Back in March, we had a few things going on that month, so we would not be remiss in forgetting that the President submitted his budget. But while this Committee was consumed, and rightly so, by the bank failures, President Biden charged ahead with a progressive wish list of reckless spending, higher taxes, and failed policies.

Thankfully, our government has a system of checks and balances, one of which includes congressional oversight and the power of the purse—appropriations. In these important and trusted roles, we analyze and scrutinize the executive branch's actions on behalf of the American taxpayer, so that the voices of the country's citizens are heard and their viewpoints reflected.

Unfortunately, the Consumer Financial Protection Bureau—or the CFPB—is a notable exception. It is not accountable to Congress or the American taxpayer through the appropriations process, and it routinely and brazenly acts outside of the scope of its authority.

And Director Chopra has taken full advantage of that loophole. Under your leadership, the CFPB has implemented policies and practices that will ultimately reduce consumer options and curtail reasonable practices that promote financial responsibility—further eroding access to credit.

Director Chopra has created uncertainty in the marketplace by attempting to regulate through speeches and issuing blog posts under the guise of "clarifying guidance." The result of rulemaking and enforcement by blog post? Fewer consumers are actually protected and fewer options of financial products will be made available.

Instead of serving people, companies are forced to maintain the status quo or withdraw service offerings out of fear for retribution by nastygram. Whether it is reputational harm through a CFPB press release based on a unique and flawed interpretation of the law or an assessment of risk exposure, the result is the same: less credit access for those who need it most.

The CFPB's website boasts of how the agency's enforcement actions through 2022 have yielded $16 billion in consumer relief for 192 million consumers. But in reality, this means that the average consumer under the CFPB's "protection" would receive a check for around $83.

Of course, $83 is still $83, but we have to ask ourselves, what is the real cost of those enforcement activities? How many billions of dollars have your actions actually cost consumers in the form of higher prices, reduced access to credit, or in lost opportunities for new products?

Further, since his last appearance in front of this committee, Director Chopra has continued his public pressure campaign, mislabeling legitimate payment incentives as "junk fees" or "illegal fees." This sweeping initiative lumps legitimate, standard credit card late fees in with the White House's political efforts to bring down fees in other sectors.

Let's be honest: no one likes paying late fees. But they do encourage financial discipline. When you pay your credit card on time, your credit score goes up. When you don't, it goes down. And when your credit score goes down, it makes it harder to get a car loan, a small business loan, or even a mortgage at a better rate. So, I am concerned that the CFPB's crusade on "junk fees" will do more harm than good, and actually end up restricting access to credit for low and middle-income Americans with limited credit histories.

To make matters worse, this proposal has major gaps and errors in the data used and the procedure applied. Just read the Small Business Administration's Office of Advocacy's comment letter, in which the SBA expresses concerns that the CFPB "does not have the necessary data to develop an adequate or factual basis for its certification." In other words, members of the executive branch, your colleagues, have serious concerns around this rule.

If this rule were to be finalized, the end result would be increased cost of credit for all American consumers and less access to credit for those who need it most. I really just simply can't understand how that would protect consumers, or be beneficial for everyday Americans and Main Street businesses.

To make matters worse, under your leadership, the CFPB learned of a major data breach, in its own backyard, impacting more than a quartermillion consumers. At the same time, the CFPB was finalizing the rule that requires lenders to collect and report a vast swath of small business lending data on credit products, including personally identifiable information like race, sex, ethnicity to the CFPB.

The irony here is just astounding. Why should we trust the CFPB to collect more data on millions of community banks, small businesses, and individuals when it has failed to maintain safekeeping of the data it already collects?

These obvious and repeated failures raise an important question—how can we protect American consumers from the actions of the CFPB? I honestly can't believe that's a question that needs to be asked, but it is indeed. But that is where we find ourselves today. I hope that during the question and answering time of this committee, we'll have an opportunity to engage in some of the important answers to the questions I'm asking.

Finally, I think it is important to note that I am a firm believer that the best way to provide economic opportunity and protect American consumers is to encourage competitive markets, innovative products, and set clear rules of the road. These principles have provided millions of Americans—like myself—the opportunity and ability to overcome poverty. It is absolutely necessary that we protect our principles.

But what I find so disappointing is that the American public cannot trust this agency, this administration, or this Director, and that is truly a shame.

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