

Testimony of Richard Cordray
Director, Consumer Financial Protection Bureau
Before the Senate Committee on Banking, Housing and Urban Affairs
June 10, 2014

Chairman Johnson, Ranking Member Crapo, and Members of the Committee, thank you for inviting me to testify today about the Semi-Annual Report of the Consumer Financial Protection Bureau.

The Consumer Financial Protection Bureau is the nation's first federal agency with the sole focus of protecting consumers in the financial marketplace. Financial products like mortgages, credit cards, and student loans involve some of the most important financial transactions in people's lives. In the Dodd-Frank Act, Congress created the Bureau to stand on the side of consumers and ensure they are treated fairly in the consumer financial marketplace. Since we opened our doors, we have been focused on making consumer financial markets work better for the American people, the honest businesses that serve them, and the economy as a whole.

My testimony today focuses on the Bureau's fifth Semi-Annual Report to Congress and the President, which describes the Bureau's efforts to achieve this vital mission. Through fair rules, consistent oversight, appropriate enforcement of the law, and broad-based consumer engagement, the Bureau is helping to restore American families' trust in consumer financial markets, to protect American consumers from improper conduct, and to ensure access to fair, competitive, and transparent markets.

Through our enforcement actions to date, we have aided in efforts to refund more than \$3.8 billion to consumers who fell victim to various violations of consumer financial protection laws. We have also fined wrongdoers more than \$141 million, all of which has gone into our Civil Penalty Fund and can be used to compensate wronged consumers and, to the extent compensating consumers is not practicable, to pay for consumer education and financial literacy programs.

In the fall of 2013, for the first time, we took action, in conjunction with multiple state Attorneys General, against an online loan servicer for illegally collecting money that consumers did not owe. We took action against a payday lender for overcharging servicemembers in violation of the Military Lending Act, and robo-signing court documents. We took action against an auto lender for discriminatory loan pricing. And we partnered with 49 states in bringing an action against the nation's largest nonbank mortgage loan servicer for misconduct at every stage of the mortgage servicing process.

CFPB supervisory work contributed to a recent enforcement action resulting in a refund of approximately \$727 million to 1.9 million consumers for illegal practices related to credit card add-on products. In addition to this public enforcement action, recent nonpublic supervisory actions and self-reported violations have resulted in more than \$70 million in remediation for over 775,000 consumers.

In January, mortgage rules that the Bureau issued to implement provisions of the Dodd-Frank Act took effect, establishing new protections for homebuyers and homeowners. During the reporting period, we also issued another major mortgage rule mandated by the Dodd-Frank Act: a final rule to consolidate and improve federal mortgage disclosures under the Truth in Lending Act and the Real Estate Settlement Procedures Act, which we have called “Know Before You Owe.” We also issued an Advance Notice of Proposed Rulemaking on debt collection, asking the public in-depth questions about a range of issues relating to the debt collection market, which is the Bureau’s most frequent source of consumer complaints.

To promote informed financial decision-making, we have continued providing consumers with online resources, including the AskCFPB section of our website, where we have answers for over 1,000 frequently-asked questions.

A premise at the heart of our mission is that consumers should be treated fairly in the financial marketplace, and that they deserve a place that will facilitate the resolution of their complaints when that does not happen. To this end, the Bureau has strengthened its Office of Consumer Response. As of June 1, 2014, we have received nearly 375,000 consumer complaints on credit reporting, debt collection, money transfers, bank accounts and services, credit cards, mortgages, vehicle loans, payday loans, and student loans.

The progress we have made has been possible thanks to the engagement of hundreds of thousands of Americans who have used our consumer education tools, submitted complaints, participated in rulemakings, and told us their stories through our website and at numerous public meetings from coast to coast. We have also benefited from an ongoing dialogue and constructive engagement with the institutions we supervise, as well as with community banks and credit unions, with whom we regularly meet. Our progress is also thanks to the extraordinary work of the Bureau’s employees – dedicated public servants of the highest caliber who are committed to promoting a healthy and fair consumer financial marketplace. Each day, we work to accomplish the goals of renewing people’s trust in the marketplace and ensuring that markets for consumer financial products and services are fair, transparent, and competitive. These goals not only support consumers in all financial circumstances, but also help responsible businesses compete on a level playing field, and reinforce the stability of our economy as a whole.

In the years to come, we look forward to continuing to fulfill Congress’s vision of an agency dedicated to cultivating a consumer financial marketplace based on transparency, responsible practices, sound innovation, and excellent customer service.

Thank you for the opportunity to appear before you. I appreciate the benefit of your active interest and oversight. And I look forward to your questions today.