Consumer Federation of America

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A BOON FOR THE BIG BANKS: MORAN AMENDMENT WOULD HANDCUFF CONSUMER COP ON THE BEAT, ALLOW DISGRACED BANK REGULATORS TO BLOCK ESSENTIAL PROTECTIONS

The Consumer Federation of America strongly urges OPPOSITION to Moran Amendment #391 to the Economic Development Revitalization Act (S. 782), which would significantly weaken the newly created Consumer Financial Protection Bureau before it ever opens its doors. **If enacted, the Moran amendment would ensure that the CFPB would be a weak and timid agency, without the will or ability to curb the kind of financial abuses that caused the nation's worst financial crisis since the Great Depression.**

1. **The Moran amendment would grant the same bank regulators who failed so spectacularly to protect consumers and stop the financial crisis an effective veto over <u>every</u> CFPB action.** The CFPB is currently the <u>only</u> federal agency that can have its rules overturned by other agencies. The Moran amendment would go further, granting bank regulators half the seats on the agency's board of directors. Bank regulators would have approval authority over every single action by the agency. Agencies like the Office of the Comptroller of the Currency (OCC) , which has a long history of not being independent of the banks they oversee, would again have the ability to block consumer protection measures that address abusive but lucrative practices, like unjustified credit card interest rate increases or exploding ARM loans.

2. **The Moran amendment would subject the CFPB to appropriations, increasing taxpayer costs and allowing big banks to thwart funding.** As with every other banking agency, the CFPB is not subject to the appropriations process. (It receives non-taxpayer funding through the Federal Reserve.) This was done by Congress to ensure that the CFPB's independence was not compromised by overwhelming political pressure from the financial services industry. Moreover, unlike other banking agencies, which can set their own budgets, the CFPB's budget is capped at a maximum amount by law. By slashing funding for the CFPB by more than half and requiring that taxpayers fund the CFPB, the Moran amendment would simultaneously hobble the CFPB and saddle Americans with the cost of funding the agency.