

# Federal Financial Reform Implications for Texas and Consumers

House Committee on Pensions, Investments & Financial Services

April 3, 2012

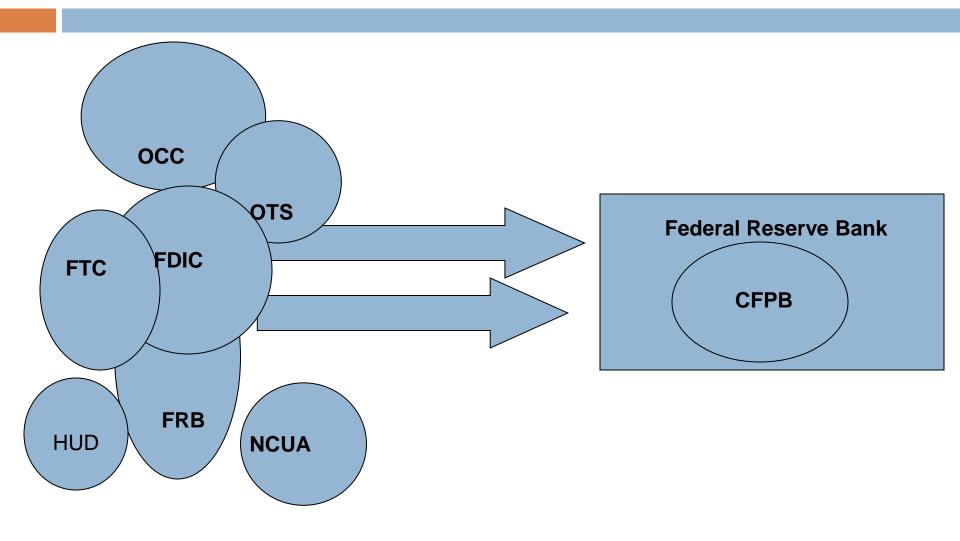
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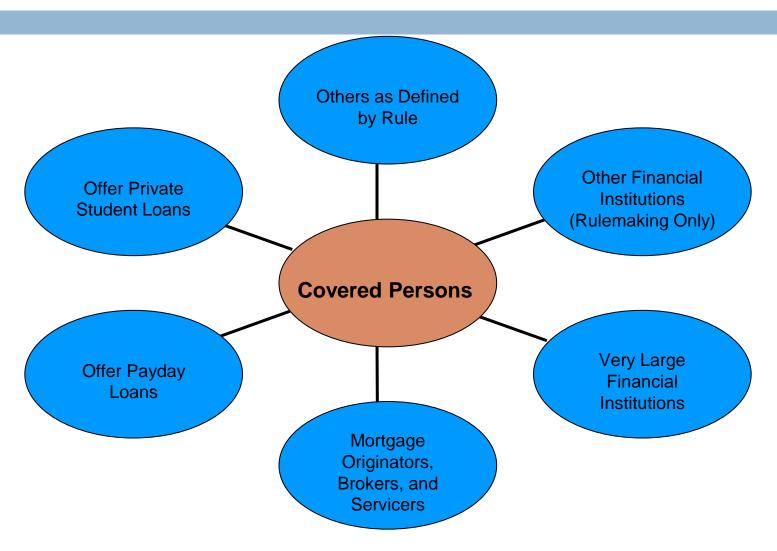
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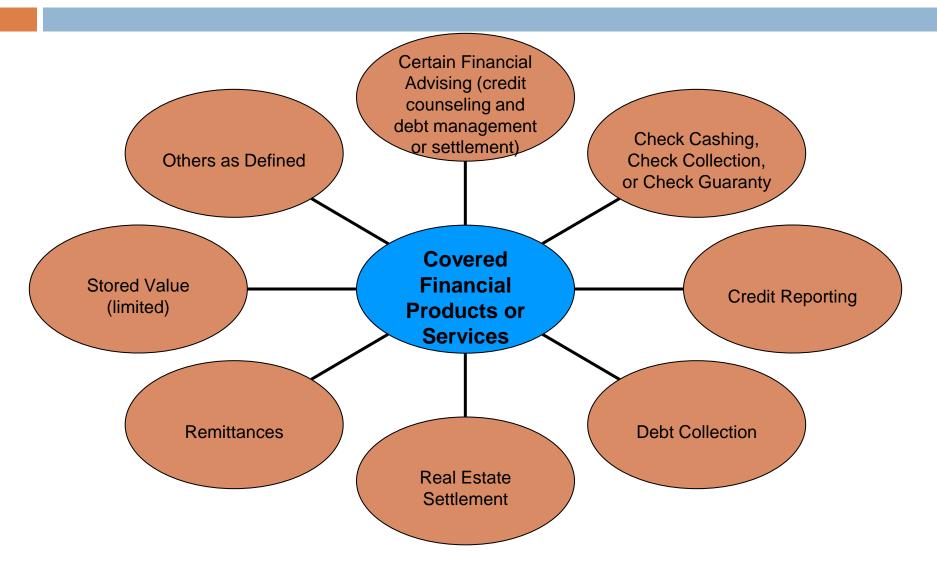
# Consumer Protection Functions Centralized



# Consumer Financial Protection Bureau(CFPB): Who Is Covered?



### **CFPB: What Is Covered?**



### What CFPB Does Not Include

- Auto Dealers (General)
- Attorneys
- Accountants
- Real Estate Brokers
- □ Tax Preparers
- Insurance Companies/Agents, &
- Authority to Impose Usury Limits

### **CFPB Structure**



#### Chief Operating Officer

Associate Director

Consumer Response

Operations & Facilities

Procurement

CTO

CIO

CFO

Human Capital

Inclusion

FOIA, Privacy & Records

#### Consumer Education & Engagement

Associate Director

Financial Education

Consumer Engagement

Older Americans

Servicemembers

Students

Financial Empowerment

#### Research, Markets & Regulations

Associate Director

Research

Regulations

Cards Markets

Mortgage Markets

Installment & Liquidity Lending Markets

Deposits, Collections, & Credit Information Markets

#### Supervision, Enforcement, Fair Lending & Equal

Opportunity
Associate Director

Fair Lending & Equal Opportunity

Large Bank Supervision

Non-bank Supervision

Enforcement

#### General Counsel

Associate Director

Principal Deputy GC

Deputy GC

Deputy GC

ALJ Staff Director

#### **External Affairs**

Associate Director

Media Relations

Legislative Affairs

Small Business, Community Banks & Credit Unions

Intergovernmental Affairs

Consumer Advisory Boards

Community Affairs

# Financial Education & Empowerment Central Part of New Mission

- CFPB charged with expanding access to:
  - Financial counseling
  - Savings and credit services at financial institutions
  - Services to prepare consumers for educational expenses and debt reduction
- Help consumers evaluate credit products and understand credit scores

# Enhanced Consumer Data Collection & Reporting

- CFPB Research Unit
  - Consumer Financial Behavior
  - Access by Underserved Communities
  - Inform decision making among regulators, consumers and businesses
- HUD/CFPB Default and Foreclosure Database
- Federal Report/Study on Credit Scores Variation
- Federal Report on Private Education Loans
- Expanded Mortgage Loan Data Requirements
- Annual Report on General-Use Prepaid Cards in Federal,
   State, or Local Government-Administered Payment Programs

### Title XII: Dodd-Frank & Asset Building

Increasing Access to Mainstream Financial Institutions

- Affordable Access to Small-Dollar Loan Products
  - □ Small Dollar Loan Grant Program (<\$2,500)
  - Community Development Financial Institutions (CDFIs)
     Loan-Loss Reserve Fund
  - CDFI Technical Assistance
- Increase Access to Accounts
  - Treasury authorized to establish a program of incentives to encourage individuals to establish accounts that are appropriate to meet their needs

## Dodd-Frank Empowers States to Enforce Consumer Protection

- Texas Attorney General
  - Broader authority to enforce state law and CFPB regulations vs. federal banks
  - Bring action vs. state-chartered banks for federal violations
- Texas Department of Housing & Community Affairs
  - Drive the "qualified mortgage" market
  - Granted larger role in homeowner counseling
- Office of Consumer Credit Commissioner
  - Identify and refer bad actors to CFPB
  - Receive and act upon federal referrals
- State Resolutions Can Drive Federal Rulemaking (25+1)
- Limits the ability of banks and federal thrifts to ignore state consumer protection through the doctrine of preemption

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