



**STATEMENT OF  
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**HEARING ON THE  
“FINANCIAL CHOICE ACT OF 2017”**

**COMMITTEE ON FINANCIAL SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**APRIL 28, 2017**

Members of the Committee, my name is Rob Randhava, and I’m here today as senior counsel with the Leadership Conference on Civil and Human Rights. Founded in 1950 at the outset of the American civil rights movement, The Leadership Conference has grown to represent more than 200 national advocacy organizations that are working, as we like to say, to build an America as good as its ideals. I’m also a member of the steering committee of Americans for Financial Reform, and a founding member of the Asset Building Policy Network.

I want to thank the Committee for inviting me to present the Leadership Conference’s views on the Financial CHOICE Act. I must admit that we were torn about participating. For us, this bill is a nonstarter – and we’re concerned about giving it an air of legitimacy that we just don’t believe it deserves.

We limited our review of the bill to the parts affecting the Consumer Financial Protection Bureau and its policies. There are other witnesses here today, and other consumer protection organizations that have written in, who can do a much better job than I can of fully analyzing those provisions, as well as the rest of the bill. So I won’t try to do that here.

But I will say what we think in general about the CFPB and its policies. We speak as an organization that, for years before the financial crisis, begged Congress and federal regulators to put a stop to the deceptive, “anything goes” kind of lending that was running rampant, including in communities of color. Some members – like former Congressmen Barney Frank and Brad Miller – did share our concerns and tried to push for stronger regulations.

But for the most part, we were ignored. I can’t tell you how many times I heard the phrase “access to credit” being used to justify things like “2/28” or “pick-a-payment” mortgages. We joined with consumer groups like the Center for Responsible Lending when it predicted, two years before the crisis, that there would be a wave of millions of foreclosures – only to hear CRL accused of “betting against housing.”

So when the crisis did hit – and when some on this committee had the audacity to blame it all on people and groups that had been trying to prevent it, or on the Community Reinvestment Act – you can bet that we were very involved in the effort to create a better system with Dodd-Frank.

Ever since the CFPB opened its doors, it has worked tirelessly to advance the financial health of the communities we represent – not just carrying out the once-radical idea of “ability to repay” rules, but trying



to address racial discrimination in auto lending markups, sneaky credit card add-ons, and many other deceptive and abusive practices. The CFPB and Director Cordray have done their best to apply the law to bad actors, give clear guardrails to the good ones, and put billions of dollars back in the pockets of consumers who have been ripped off. At the same time, they've worked to promote consumer education and the growth of more inclusive financial technology.

I'm stunned that anyone can be troubled by a record like that – and even more stunned by the intensity of the emotions, when we hear the CFPB described as a “dictatorship” and a “tyranny” by some members of this Committee.

To that kind of rhetoric, I'll just say this: given our involvement in Dodd-Frank, I'm happy to say that various parts of the industry, who are regulated by the CFPB, have engaged The Leadership Conference on consumer finance policies.

We have good relationships with the nation's largest banks, and we've found common ground on the value of getting consumers into the mainstream banking system. We've sided with organizations like the Mortgage Bankers Association and National Association of Realtors to call for some reasonable flexibility in mortgage downpayment requirements. We've teamed up with community bankers and mortgage lender organizations, who share our interest in a level playing field within a healthy GSE system. We worked with CFS2, a debt buyer company headed by the late great Bill Bartmann, to call for debt collection practices that allow companies to earn reasonable returns while putting debtors on the road back to financial health. And thanks in part to the Bipartisan Policy Center and the Center on Financial Services Innovation, we've engaged small-dollar lenders and fintech companies that recognize the real need for underbanked communities to obtain credit and that believe they can work with the rules being proposed by the CFPB in this area.

Of course we've disagreed on a lot of issues as well – but we've been glad to engage the industry, and we'd like to even more in the future. And the CFPB constantly does the same. We want the system to work – for providers and consumers – and if policies need to be fine-tuned for that to happen, we're all ears.

But nobody has engaged us in two-way conversations about a “dictatorship” or “tyranny” at the CFPB. So when we hear the need for legislation described in those terms, I honestly don't know how to engage that legislation in a serious way.

The Leadership Conference was proud of Ranking Member Waters last fall when she called last year's markup a “charade” and declined to prolong it. However members handle next week's markup, I would suggest that the real fight over this bill should be in the court of public opinion. Rest assured, the public isn't clamoring for this bill – in fact, multiple polls have shown strong bipartisan support for the CFPB's work. And over and over again, the bad apples in the industry keep writing the talking points for us.

One of the best examples of this was seen in last November's vote on a South Dakota initiative to outlaw payday lending. That vote – down the ballot, mind you – had almost as much participation as the vote for President, and a whopping 75 percent called for putting an end to the kinds of debt traps that the Financial CHOICE Act would enable. In other states to vote on payday lending, the results have been the same – and voters aren't suffering or clamoring for a return to the old days of unchecked triple digit interest rate loans.

But if the supporters of the Financial CHOICE Act want to pick this fight, then The Leadership Conference will not hesitate to join in, continue educating the public, and give this bill the pushback it deserves.