

July 7, 2017

The Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Tom Graves
Chairman
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Quigley
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frelinghuysen, Ranking Member Lowey, Chairman Graves, and Ranking Member Quigley:

On behalf of the American Financial Services Association (AFSA),¹ I write to express support for the *Financial Services and General Government Appropriations Act of Fiscal Year 2018*. Our members wish to express their appreciation to FSGG Subcommittee Chairman Graves for his leadership in crafting this important legislation, which would make much-needed reforms to the Consumer Financial Protection Bureau (CFPB), an agency with extraordinary authority over all facets of consumer credit.

Six years after its establishment by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has proven to be an agency that is not accountable to Congress, industry stakeholders, or the American public. The CFPB's single director can unilaterally determine the agency's budget, priorities, and policies, as well as promulgate regulations and levy enforcement actions. Section 926 of this legislation would improve the Bureau's accountability and transparency by subjecting it to the regular Congressional appropriations process. The financial services industry is too vital to the health and welfare of the nation's economy to be left in the hands of single director who is able to tap the public purse with virtually no oversight.

AFSA also supports section 927 which eliminates the Bureau's supervisory authority over financial institutions and section 928 which removes the CFPB's authority to regulate small-dollar credit. The consumer finance industry is already subject to substantial supervision at the state level. State examiners have decades of experience examining financial companies and have a better understanding of the industry. Because they know the market and consumers, they can better strike a balance of between appropriate access to affordable borrowing options and the need to protect consumers from harmful products and services. The CFPB's proposed small-dollar rule would substantially restrict consumer access to traditional installment loans – one of the simplest, most predictable, and time-tested sources of credit available to consumers today. States that are successfully regulating these loans should not be undermined by a federal regulator who would impose the most restrictive lending environment upon them, depriving their consumers of credit they want and need.

¹ Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, direct and indirect vehicle financing, mortgages, payment cards, and retail sales finance.

Additionally, AFSA supports section 929, which would remove the Bureau's unfair, deceptive, and abusive acts and practices (UDAAP) enforcement authority. The Bureau's use of this authority has stifled innovation in the marketplace through its ambiguity and has also created a catch-all authority that the CFPB and attorneys general may cite in prosecuting any business practice they find disagreeable. In fact, "abusive" is not a standard at all; it is an ill-defined tool that singularly expands the scope of regulators' power to determine which financial products and services pass muster.

We also support section 930, which repeals the CFPB's authority to restrict predispute arbitration agreements and effectively vitiating the Federal Arbitration Act of 1926. The Bureau has proposed to outlaw pre-dispute arbitration agreements. This rule would deprive financial institutions and their customers of a fair and efficient process for resolving contractual disputes.

Lastly, AFSA is pleased the legislation removes the small business loan data collection requirement contained in Section 1071 of the Dodd-Frank Act. Requiring financial institutions to collect and maintain certain data in connection with credit applications made by "women- or minority-owned businesses and small businesses," would place a considerable and unnecessary burden on lenders and may in actuality discourage lending to small businesses.

Thank you very much for your time and consideration. If you have any questions, please do not hesitate to contact me at 202-466-8616 or bhimpler@afsamail.org.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is fluid and cursive, with the first name "Bill" being larger and more prominent than the last name "Himpler".

Bill Himpler
Executive Vice President
American Financial Services Association

CC: Members, U.S. House of Representatives Committee on Appropriations