

March 7, 2023

The Honorable Andy Barr  
Chairman  
Subcommittee on Financial Institutions and  
Monetary Policy  
House Committee on Financial Services  
2430 Rayburn House Office Building  
Washington, DC 20515

The Honorable Bill Foster  
Ranking Member  
Subcommittee on Financial Institutions and  
Monetary Policy  
House Committee on Financial Services  
2366 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Barr and Ranking Member Foster:

The American Financial Services Association (AFSA)<sup>1</sup> is pleased to submit this letter for the hearing entitled, “Politicized Financial Regulation and its Impact on Consumer Credit and Community Development.” AFSA particularly supports H.R. 2798, *The CFPB Transparency and Accountability Reform Act*, which is being discussed as part of this hearing, and urges its passage.

Everyone deserves credit, and fair access to credit matters. AFSA agrees with the subcommittee that recent actions and proposals by federal financial regulatory agencies, particularly the Consumer Financial Protection Bureau (CFPB), are limiting financial options and restricting access to financial services for consumers. We share the subcommittee’s concern that the CFPB is attempting to circumvent Congress and is implementing policies that harm the very consumers and communities they are purporting to help. Industry regulations should protect consumer choice, benefit consumers, provide clear and easy to follow guidelines to lenders, and should be subject to appropriate oversight. But that’s not what’s happening.

The CFPB’s overreaching actions are harming, not helping consumers. The CFPB has an important role to play in protecting consumers from unethical, illegal, and predatory practices, while providing clear and easy to follow regulations for lenders. But the agency has greatly overreached its authority.

For example, the CFPB has penalized installment lenders for allowing their customers the ability to refinance loans or to take out another loan. However, the ability to refinance or to access additional credit is extremely beneficial to consumers. In the credit card context, card users utilize revolving credit to meet their family’s needs. Customers choosing installment loans should be able to refinance a loan or, if they qualify, take out another loan. This isn’t an “abusive” practice, but one allowed under state law. It allows borrowers flexibility to meet their needs in a responsible and affordable manner. Lenders should not be punished for having repeat customers.

In another example, the CFPB seems to believe that the only consumers who should get credit are ones for whom there is no risk that they might not pay it back. In other words, it seems as though

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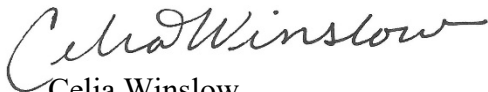
<sup>1</sup> Founded in 1916, the American Financial Services Association (AFSA) is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages,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

the CFPB wants only consumers with prime credit scores to get credit. AFSA believes that just because someone may have hit a financial road bump in the past, it doesn't mean that they should be locked out of the credit market.

As the White House and Congress seek ways to help consumers deal with higher prices for core goods and services – groceries, gas, home heating, back to school expenses during these uncertain economic times – the CFPB should not be allowed to go rogue and risk the fragile economic recovery underway by denying millions of consumers access to the only credit they can get. The regulatory system needs to work for both lenders and consumers.

Again, thank you for conducting this hearing. We hope you pass H.R.2798 to ensure the CFPB is accountable to Congress and to the American people. Please contact me at [cwinslow@afsamail.org](mailto:cwinslow@afsamail.org) or 202-776-7300 with any questions.

Sincerely,



Celia Winslow  
Senior Vice President  
American Financial Services Association