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Financial Trade Groups Recommend Changes to CFPB

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Earlier today, the Consumer Bankers Association, the Credit Union National Association, the Independent Community Bankers of America and the National Association of Federal Credit Unions sent a **letter** to Senate Majority Leader Mitch McConnell and Senate Minority Leader-elect Chuck Schumer recommending changes related to the CFPB. In the letter, the groups weigh in on what is certain to be a contentious debate about the structure of the CFPB and the substance of its rules.

The main recommendation of the letter: Congress should replace the CFPB's current single director structure with a five-person bipartisan commission. The groups point to the "regulatory uncertainty" and "whipsaw effect" of reliance on a single director, which can inhibit the ability of financial institutions to plan for the future. Some form of change to the CFPB appears likely. Rep. Jeb Hensarling's **CHOICE Act** would make the same change from a director to a bipartisan commission. The status of the CFPB director as removable only for cause is also in doubt given the ongoing case ***PHH v. CFPB***.

The groups also urge Congress to pass legislation to make "needed changes" to new or soon-to-be-finalized CFPB regulations, specifically calling out the rules on arbitration, small dollar, third-party debt collection, and prepaid cards. The groups note that Congress may repeal these actions using its authority under the **Congressional Review Act**.

Law Clerk Ryan Johansen contributed to this post.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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