



## *Questions and Answers*

### **Consumer Financial Protection Bureau (CFPB)**

#### *What is the Consumer Financial Protection Bureau?*

CFPB is a new U.S. government agency whose job is to protect Americans in their dealings with services like mortgages, credit cards, payday lenders and many others. The idea is to make sure that when you sign up for a loan, credit card, etc., you know what you're signing, with no tricks or traps. CFPB will also go after financial firms that break the law.

#### *Why was CFPB Created?*

One of the main causes of the financial crisis of 2007-08 was dishonest and risky behavior by some lenders and other Wall Street firms. As a result, in July 2010 Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, a law intended to prevent the sorts of abuses that caused the crash by better regulating the financial system. One section of the law created CFPB, whose sole purpose is to protect and inform consumers.

#### *Why was a new bureau needed?*

Until now, nine separate agencies have overseen banks and other financial services that consumers use, but there was no one whose main job was to protect the public from unfair or misleading practices. CFPB's only job is to protect the public – to be a “cop on the beat” to make sure that consumers are treated fairly.

#### *Is CFPB open for business now?*

The bureau officially opens its doors on July 21, 2011, one year after enactment of the Dodd-Frank Act. A team of employees has been working since last year to get CFPB set up and ready.

#### *What will CFPB do?*

Starting July 21, CFPB will operate a toll-free phone line that consumers can call if they have complaints or problems with a financial product. It will create rules to ensure that the terms of loans and other products are disclosed clearly, in plain language – not the mass of incomprehensible fine print we so often see. It will

restrict unfair, deceptive or abusive practices. And CFPB will educate the public about financial products and services.

*How do I contact CFPB?*

You can find a lot of information about the bureau and the businesses it regulates on its website, <http://www.consumerfinance.gov>. There will be a form on the site as well as the toll-free phone line to handle consumer complaints and questions.

*Will CFPB really do any good? Or will politicians block it from cracking down on their Wall Street friends?*

One of the best things about the Dodd-Frank Act is that it gave CFPB a lot of independence. While CFPB is part of the Federal Reserve system, it is set up to be almost completely independent, with a director appointed by the president and confirmed by the Senate. Still, there is lots of oversight built into the system to ensure that CFPB works well with other government regulatory agencies. Because the law guarantees funding for CFPB from the Federal Reserve, it should be very hard for politicians to meddle or politicize the bureau. Unfortunately, some politicians are already trying to do just that

*Is it true that some politicians are trying to attack CFPB before it even opens?*

Sadly, yes. Some members of Congress have introduced bills that would weaken CFPB, reduce its funding and take away its independence. They'd like to turn the bureau into a lapdog instead of a watchdog. It's important for all of us to let our representatives in Congress know that voters want strong protection for consumers and don't want CFPB weakened. To contact your representatives, call the U.S. Capitol Switchboard at (202)224-3121 and ask for your senators' and/or representative's office.