CFPB Should Consider Fed-State Coordination in Consumer Finance Law Update

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State regulators have “significant” concerns about the timing and focus of the Consumer Financial Protection Bureau’s (CFPB) request for information for recommendations on harmonizing and updating the federal consumer financial laws, CSBS said in a comment letter today.

The recommendations are intended to assist the Taskforce on Federal Consumer Financial Law. However, state regulators are not represented on the task force, despite being a critical partner with the CFPB in enforcing federal consumer protection laws and handing a significant portion of consumer complaints regarding the functionality of the consumer finance market.

The lack of state regulator representation is particularly concerning because the CFPB’s request suggests additional preemption of state laws and state regulatory authority is appropriate.

“This naturally raises concerns regarding whether the current composition of the Taskforce will enable it to objectively assess and make informed recommendations regarding federal and state coordination and the role of state consumer protections law,” the letter says.

Additionally, CSBS questions the timing of the request during a global pandemic that has created economic distress across the nation, which has likely meant less public attention and response. Instead, the CFPB should be focused on working in partnership with state