

June 8, 2023

The Honorable John Hickenlooper
Chairman
U.S. Subcommittee on Consumer Protection,
Product Safety and Data Security
254 Russell Senate Building
Washington, DC 20510

The Honorable Marsha Blackburn
Ranking Member
U.S. Subcommittee on Consumer Protection,
Product Safety and Data Security
254 Russell Senate Building
Washington, DC 20515

Dear Chairman Hickenlooper and Ranking Member Blackburn,

In light of the upcoming Senate hearing, “Protecting Consumers from Junk Fees,” the Asset Building Policy Network (ABPN) write in support of the Consumer Financial Protection Bureau (CFPB). We strongly urge Congress to support the efforts of CFPB in securing a fair marketplace for all consumers and oppose legislation that would undermine the Bureau and its ability to accomplish its important mission.

When the CFPB was established following the financial crisis, millions of people had lost their homes. People of color were disproportionately impacted: Latino households lost 66% and Black households lost 53% of their wealth from 2005 to 2009, while White households lost 16% of their wealth.¹ Asian Americans were similarly impacted: foreclosure rates for Filipinos, Koreans and Cambodians were on par with Black and Latino households, and between 2008 and 2010, Native Hawaiian homeowners experienced a 687% increase in home foreclosures, which amounted to \$15 billion in home equity losses.² Congress established the CFPB to coordinate and create consumer protections so that everyone—including working class and people of color—can participate fully in our nation’s economic life.

As this suggests, the CFPB is responsible for enforcing laws that address discrimination and unfair treatment related to financial products, including the Equal Credit Opportunity Act. Through its rulemaking, supervision, and enforcement authorities, the CFPB works to stop harmful financial practices that contribute to the racial wealth divide, including bringing more than 300 enforcement actions resulting in \$3.7 billion in penalties for fair lending law violations alone.

The CFPB also addresses discrimination in the banking, credit and housing marketplaces and protected consumers from being denied services or charged higher rates because of their race, sexuality, gender identity, or national origin. It issues measures to make the credit reporting, debt collection, mortgage servicing, credit card and banking industries more transparent, equitable and accountable to the public.

Discrimination and economic exploitation continue to pose a significant risk to the economic and social well-being of consumers, making the Bureau’s core mission as relevant today as ever. People of color pay disproportionately high costs and fees when they use ordinary financial products such as deposit accounts and credit cards.³ An increasing number of entrepreneurs of color, in particular Asian American and Native Hawaiian and Pacific Islanders, who seek loans for their small businesses online face predatory lending practices.⁴

People of color are also disproportionately excluded from the financial system. For example, Latino and Black people are more likely than whites to be denied a loan—even after controlling for credit score,

incomes, and loan size.⁵ Immigrants and those who speak English as a second language face additional barriers, as many financial institutions fail to accept Individual Taxpayer Identification Numbers (ITINs), alternative forms of identification, or provide language access services.

The Bureau also implements Section 1071 of the Dodd-Frank Act, which sets standards for small business lending data and is important to communities we represent. Additionally, the CFPB is a key player in ensuring that those with family abroad can access and safely send funds abroad through remittances.

As organizations dedicated to financial inclusion and the prosperity of communities of color, we firmly believe that the CFPB must continue to play its critical role in assuring the fairness of our financial products marketplace, which in turn supports the well-being of low-income families and communities of color and the vitality and stability of our shared national economy. For these reasons, the CFPB must remain well-supported with a stable funding mechanism.

We also urge strong opposition to the Taking Account of Bureaucrats' Spending Act (TABS Act) and other legislation that would diminish the stability of the funding or regulatory authorities of the Bureau.⁶ And we strongly encourage lawmakers to support the CFPB and the critical work it does to protect consumers and support the financial security of communities, include Black, Latino, and Asian American, and Native Hawaiian and Pacific Islander people of color and other economically vulnerable communities.

Sincerely,

The Asset Building Policy Network

NALCAB

National CAPACD- National Coalition for Asian Pacific American Community Development

National Urban League

Prosperity Now

The Leadership Conference on Civil and Human Rights

UnidosUS

¹ “The Great Recession: Implications for Minority and Immigrant Communities,” Russell Sage Foundation and the Stanford Center on Poverty and Inequality, <https://web.stanford.edu/group/recessiontrends-dev/cgi-bin/web/resources/research-project/great-recession-implications-minority-and-immigrant-communities>.

² “Crisis to Impact: Reflecting on a Decade of Housing Counseling Services in Asian American and Pacific Islander Communities,” National CAPACD, UCLA Asian American Studies Center and Center for Neighborhood Knowledge, December 2020,

https://www.aasc.ucla.edu/resources/policyreports/NationalCAPACD_HousingCounselingReport.pdf; “Asian American and Pacific Islander Anti-Displacement Strategies,” National CAPACD and Council for Native Hawaiian Advancement (CHNA), May 2016, https://www.nationalcapacd.org/wp-content/uploads/2017/08/anti_displacement_strategies_report.pdf.

³ “Amid Resurgence of Interest in Overdraft, New Data Reveal How Inequitable It Can Be,” Financial Health Network, September 2021, <https://finhealthnetwork.org/amid-resurgence-of-interest-in-overdraft-new-data-reveal-how-inequitable-it-can-be/>; “Latinos Banking and Credit Survey: Arizona, California, Texas,” UnidosUS and Oportun, June 2022, [unidosus_oportun_latinosandcreditservicessurvey_azcatx_crosstabs.pdf](https://www.unidosus.org/latinosandcreditservicessurvey_azcatx_crosstabs.pdf); “Who Is Paying All These Fees? An Empirical Analysis of Bank Account and Credit Card Fees,” Federal Reserve of Boston, August 2022, <https://www.bostonfed.org/publications/research-department-working-paper/2022/who-is-paying-all-these-fees-an-empirical-analysis-of-bank-account-and-credit-card-fees/>; “Economic Well-Being of U.S. Households in 2022,” Federal Reserve, May 2023, <https://www.federalreserve.gov/publications/files/2022-report-economic-well-being-us-households-202305.pdf>.

⁴ “Small Business, Big Dreams,” National CAPACD, March 2019, <https://www.nationalcapacd.org/data-research/small-business-big-dreams/>

⁵ “Did Minority Applicants Experience Worse Lending Outcomes in the Mortgage Market? A Study Using 2020 Expanded HMDA Data,” Federal Deposit Insurance Corporation and Center for Financial Research, June 2022, https://www.fdic.gov/analysis/cfr/working-papers/2022/cfr-wp2022-05.pdf?source=govdelivery&utm_medium=email&utm_source=govdelivery.

⁶ “Letter in Opposition to the TABS Act,” Consumer Federation of America and Coalition Partners, March 2023, https://consumerfed.org/wp-content/uploads/2023/03/Oppose-TABS-Act_March-2023.pdf.