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3 more reports question CFPB's actions and structure

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Recent projects completed by the Competitive Enterprise Institute and the Cato Institute again delved into unsatisfactory assessments of the Consumer Financial Protection Bureau.

Coinciding with House Republicans chastising the CFPB over its investigation of Wells Fargo, a wide-sweeping survey conducted by the Cato Institute found that participants agree with **an assertion previously made by the Consumer Bankers Association** — that the bureau should be run by a commission rather than a single director.

According to a blog post by Emily Ekins, a research fellow and director of polling at the Cato Institute, Americans support changing the structure of the CFPB as nearly two-thirds (63 percent) say the CFPB should be led by a bipartisan commission of Democrats and Republicans, rather than by a single director. A third (33 percent) think a single director should run the federal agency instead.

Ekins noted that support is post-partisan with strong majorities of Democrats (67 percent) and Republicans (64 percent) in support of a bipartisan commission leading the agency.

Notably, Ekins went on to mention majorities of Americans support a bipartisan commission leading the CFPB regardless of whether one has a positive opinion (55 percent) or negative opinion (63 percent) of the agency.

Beyond how the CFPB leadership is structured, the Cato Institute 2017 Financial Regulation Survey showed that support for CFPB independence is more controversial than changing its structure.

Ekins shared that 54 percent of Americans say Congress should have limited oversight of the CFPB and should not set its budget, while 42 percent say Congress should closely oversee and set the budget for the agency.

Moreover, Ekins added that partisans disagree about the level of oversight needed for this federal agency. Reluctance for more Congressional oversight is perhaps unsurprising given that only 7 percent of Americans have a lot of confidence in Congress to run things.

Bottom line: the Cato Institute asked 2,000 Americans 18 years of age and older between May 24 and 31 this simple question. Has the CFPB achieved its mission?

From its inception, Ekins insisted that the bureau has been tasked with making it easier for consumers to understand the terms and conditions of credit cards and other financial products. However, six years into the agency's tenure, she reported that few Americans (26 percent, to be exact) believe the CFPB has achieved its mission to make financial products' terms and conditions clearer.

That survey sentiment coincided with analysis presented by the Competitive Enterprise Institute (CEI). Its report documented what the firm described as the harm inflicted on ordinary consumers of financial products by the bureau that remains unaccountable to Congress, the president and the courts.

The report available here urges Congress to make drastic reforms to the CFPB or even abolish it.

"The Consumer Financial Protection Bureau was set up under the Dodd-Frank act of 2010 in violation of constitutional norms ostensibly to protect consumers from bad actors in the banking and financial services industry, but the agency is instead actively harming consumers, pressing ahead with regulations even when the benefit to consumers is likely to be outweighed by the costs," said Iain Murray, vice president for strategy at CEI and author of the report titled, "The Case against the Consumer Financial Protection Bureau: Unconstitutionally Structured and Harmful to Consumers."

Murray added, "The CFPB would be far less able to abuse its power and make bad decisions if it were held accountable. It's urgent that Congress take action to stop the CFPB and restore constitutional checks and balances aimed at protecting Americans from abuses of government power."

Each effort by the Cato Institute and the Competitive Enterprise Institute arrived as the House Financial Services Committee released a second interim staff report on its investigation into the Wells Fargo fraudulent account scandal and the CFPB enforcement action on the matter.

An internal CFPB "Recommendation Memorandum" for the director — improperly withheld from the committee for more than a year according to lawmakers — revealed the bureau failed to fully and adequately investigate Wells Fargo. Instead, the report said the bureau rushed to settle with Wells Fargo for less than 1 percent of the CFPB'ss own estimate of the bank's statutory civil monetary penalty.

Not only does the Recommendation Memorandum fail to justify the CFPB's settlement, the report said the document calls into question the accuracy of CFPB director Richard Cordray's testimony before Congress and his claims that the bureau had conducted an "independent and comprehensive investigation."

"The CFPB's handling of this matter and its refusal to fully comply with the Congressional subpoena are a slap in the face to millions of Americans who were harmed by Wells Fargo and further evidence of the CFPB's unaccountable structure and leadership. The premature suspension of its investigation means that the CFPB also potentially lost the opportunity to discover recently revealed instances of further consumer harm," committee chairman Jeb Hensarling said.