



The Wall Street Reform Act: Consumer Protection

Consumer Financial Protection Bureau Structure

- **Background:** The Consumer Financial Protection Bureau (CFPB) is an independent entity under the Federal Reserve. The director is appointed by the president and confirmed by the Senate. The agency will write consumer-protection rules for banks and nonbank financial firms and ensure consumers are protected from unfair, deceptive or abusive practices. Authority for a variety of consumer-protection laws, such as EFTA, TILA, RESPA, HMDA, ECOA and TISA, is transferred to the CFPB.
- **ICBA Position:** ICBA strongly opposed the Consumer Financial Protection Bureau and worked vigorously to keep the proposal out of the bill while working with Congress to include meaningful exemptions for community banks. One important concession is that community banks will not be examined by the CFPB but by their traditional prudential regulators (see below).
- **What's Next:** Though the CFPB formed upon enactment of the law, it will take time to nominate and confirm a director and transfer existing personnel from other agencies to the new bureau. At present, the board is working under the leadership of a special adviser to the president.
- **What It Means for Community Banks:** *The CFPB is a powerful agency with a broad mandate. ICBA will continue working with policymakers to ensure the bureau does not negatively impact the ability of community banks to lend in their communities.*

CFPB Authority and Role of Prudential Regulators

- **Background:** The CFPB examines and enforces regulations for banks and credit unions with more than \$10 billion in assets, mortgage-related businesses and large nonbank financial firms. Prudential regulators may comment on CFPB rules before they are proposed, and the bureau has to respond in writing. The Financial Stability Oversight Council may set aside a CFPB regulation by a two-thirds vote. The CFPB shall consider the impact of new rules on depository institutions and consumers in rural areas.
- **ICBA Position:** ICBA worked relentlessly to preserve the primary role of the prudential regulators in community bank regulation.
- **What's Next:** The CFPB was established upon enactment of the law.
- **What It Means for Community Banks:** *ICBA preserved the primary role of prudential regulators in consumer-protection regulations examination for community banks.*

Community Bank Exemption

- **Background:** While banks with assets of \$10 billion or less are subject to CFPB rules, they are exempt from CFPB examination and enforcement and will continue to be examined by their prudential regulators. The CFPB can require reports from small institutions, but community banks also won relief from certain paperwork burdens, including provisions requiring banks to maintain records on the number and dollar amount of customer deposit accounts and ATM transactions, geo-code customer transactions and annual disclosures of this information.
- **ICBA Position:** ICBA fought for the community bank exemption and defeated an attempt to vest the CFPB with “backup enforcement authority” over exempt banks.
- **What's Next:** The exemptions took effective upon enactment.
- **What It Means for Community Banks:** *They will continue to be examined by their prudential regulator.*

Remittances

- **Background:** The law amends the Electronic Fund Transfer Act (Regulation E) to require new disclosures for remittance transfers, including sender rights, error-resolution procedures, currency exchange rates and fees.
- **ICBA Position:** ICBA-advocated amendments in the law include 5-10 year relief from currency-exchange disclosure requirements for federally insured financial institutions and error-resolution safe harbors.
- **What's Next:** These provisions took effect upon enactment.
- **What It Means for Community Banks:** *Community banks escaped several provisions opening the door to regulation of remittances.*