

Bachus Statement During Regulatory Reform Hearing

June 24, 2009

WASHINGTON -Congressman Spencer Bachus (AL), the top Financial Services Committee Republican, made the following statement today during a Full Committee hearing entitled "Regulatory Restructuring: Enhancing Consumer Financial Products Regulation."

"Thank you, Mr. Chairman, for holding today's hearing on the Administration's financial market regulation plan, which includes the creation of an independent Consumer Financial Protection Agency (CFPA).

"There's no question that consumer protection is a legitimate government responsibility. There is, however, a serious disagreement over how that function should be properly undertaken.

"The proposal that was outlined in the Administration's White Paper proposes fundamental and profound change to the current financial regulatory regime and has the potential to reduce consumer choice, limit innovation and exacerbate the credit crunch that consumers and small businesses are currently facing.

"Republicans have a consumer protection plan that would close gaps in the enforcement of consumer protection laws by consolidating regulatory, enforcement and consumer protection in a single agency; and streamlining the complaint process for consumers and investors. It would also strengthen anti-fraud enforcement by giving regulators more investigative and enforcement tools.

"The Republican consumer protection proposal is built on the premise that the best way to protect consumers is not through the creation of another bureaucracy accountable to no one, but by consolidating the regulatory system and holding regulators accountable for both consumer protection and safety and soundness.

"The wisdom of bifurcating consumer protection and safety and soundness regulation as is done in the Administration's proposal is questionable. Republicans are not the only ones who have raised concerns. Virginia Democrat Mark Warner of the Senate Banking Committee was quoted as follows: "I might need some more convincing of the creation of this consumer protection agency... Will this new consumer agency have the knowledge because it won't have the kind of day to day exposure to the financial products or the industry if this agency was actually housed inside the day to day prudential regulator?"

"Mr. Chairman, I look forward to working with you and the Administration to develop a consumer protection framework that fosters innovation in financial products and benefits consumers, without creating unintended and potentially adverse consequences for consumers and the financial services industry. I also would like to thank Congressman Delahunt for his work on this issue, and for being here to testify."

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