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Wall Street Pulling Out All the Stops to Maintain Veil of Secrecy and Avoid Accountability Brought by Financial Reform Bill

Senate bill needs to get stronger to protect consumers

Washington, DC -- As the Wall Street reform debate opens in the Senate, the financial services lobby is pulling out all the stops to weaken or even kill the financial reform bill. On a mission to fight off oversight and accountability, Wall Street banks have already poured in millions of dollars, deployed over a thousand lobbyists, including former members of congress, all in efforts to fight off the bill and guard their lofty profits. The National Community Reinvestment Coalition urged the Senate today to fight on behalf of the American people for strong reform that ensures that the financial system is fair, transparent, and accountable.

"We're hearing that the industry is fighting even the most common sense transparency measures of the bill; it seems like they'll do anything to continue to operate free of reasonable oversight and public scrutiny. The public has a strong interest in knowing what Wall Street is doing, and more data and transparency would have given earlier warning signals of the crisis," said John Taylor, president & CEO of NCRC. "If anything, this bill needs to get much stronger. The pressure to slow, stop or weaken this bill is more than shameless self interest on the part of Wall Street, it's a threat to the stability of our economy and the wellbeing of millions of Americans. The 8.2 million Americans who lost a job and the millions more who lost their home because of the greed and malfeasance of Wall Street, are counting on Congress to get this done,"

NCRC will be tracking problematic amendments to the financial reform bill as they are discussed. Here are four critical areas of the bill that must be strengthened for the bill to provide adequate protection for consumers:

What the industry wants: Weakening the Consumer Financial Protection Bureau by turning it into a council, further beholden to existing regulators. This would minimize the consumer protections in the bill.

What's good for consumers: Making the Consumer Financial Protection Agency independent of the Federal Reserve and removing the veto of the Financial Stability Oversight Council. An amendment by Senator Jack Reed would restore Senator Dodd's original proposal for an independent agency, without allowing bank regulators to limit the ability of the agency to protect consumers.

What the industry wants: Weakening or eliminating requirements in the bill that collect additional data and information about the lending practices of banks, payday lenders and others, as proposed in amendments by Senator Vitter and Senator Snowe.

What is good for consumers: Collecting the new data, as proposed in the bill, would promote transparency and accountability. Congress missed an opportunity to improve enforcement of the Community Reinvestment Act (CRA) by moving authority to the Consumer Financial Protection Bureau, when they departed from President Obama's proposal and from Senator Dodd's original bill. Senator Jack Reed's amendment would restore elements of Senator Dodd's original proposal, and could move enforcement of CRA back to the Consumer Financial Protection Agency.

What the industry wants: Preempting state consumer protection laws. Removing ability of state Attorneys General to enforce federal law.

What is good for consumers: Preserving and expanding the ability of states to protect their citizens, by putting more local cops on the beat. States should have the ability to react swiftly to emerging reckless and abusive lending practices.

What the industry wants: Limiting new rules governing reckless and abusive lending practices. Carve outs for special interests, such as auto dealers and payday lenders.

What is good for consumers: Strong rule writing authority for a consumer protection regulator, no carve outs, and expanded protections against predatory lending practices. Some abusive lending practices are well documented and do not need to be studied, or left to a future date to develop rules against them. The Senate should follow the House and pass comprehensive anti-predatory lending legislation as part of financial reform.

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