

Congress Takes a Significant Step Towards Replacing Dodd-Frank and Gutting the CFPB

2 min read

Jun 9, 2017

By: Barbara Fernandez

On Thursday, as we anticipated in a [previous blog post](#), the House of Representatives voted along party lines to pass the Financial CHOICE ACT (“FCA”), which would repeal Dodd-Frank and strip the CFPB of its authority.

The debate leading up to the vote also appeared to divide sharply along partisan lines, with Republicans urging their colleagues to vote for the Bill, and Democrats insisting that it was the “Wrong Choice” for Americans. Despite their differing opinions, representatives from all parties appeared to articulate the same goal: putting Main Street America ahead of Wall Street.

Supporters of the FCA contend that the purported benefits of Dodd-Frank have never materialized. They argue that due to Dodd-Frank’s excessive and expensive regulatory burdens, small banks and businesses have failed, while big banks have continued to thrive. Imposing the same regulations on every financial institution, they say, has strangled small community banks, and forced many to shut down. This problem triggered another major concern of the bill’s supporters, namely an alleged lack of choice of financial products and the increased cost of these same products.

Unsurprisingly, one of the biggest points of contention over the FCA is the CFPB. Those Congressional representatives opposing the FCA are concerned that it will gut what they call the “Cop of the Beat” of Wall Street. Democrats cited statistics showing the CFPB obtained \$12 billion in restitution for 29 million Americans, as proof of Dodd-Frank’s and the CFPB’s success. Republicans responded by arguing that the CFPB has not been the cop on the beat that it was supposed to be, and was instead “asleep at the wheel,” according to Missouri Representative Ann Wagner (R).

Many Republican representatives have argued that the current regulations and enforcement agency have only restricted access to mortgages, car loans, and other credit for low-income Americans. Kentucky Representative Andy Barr (R) emphatically suggested that Dodd-Frank and the CFPB have “clogged the plumbing of our economy

with an avalanche of red tape,” and argued that removing these “barriers to economic recovery” in our country will benefit all working Americans.

The vote was 233 to 186, on a strict party line vote. It remains an open question if the FCA becomes law, as it would require the support of Democrats in the Senate to reach the President’s desk.

(<http://clerk.house.gov/evs/2017/roll289.xml>)

Topics

Legislation, Dodd-Frank, Dodd-Frank Wall Street Reform And Consumer Protection Act, Proposed Legislation, CFPB, Financial CHOICE Act