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AJC Pro-Con Article, Jan. 17, 2009
Subject: Consumer Financial Protection Agency

Question: Congress is considering creating a separate consumer watchdog agency to monitor financial institutions. Should the federal government create a consumer financial protection agency?

GBA Response: Improvements to enhance consumer protection under the existing regulatory structures – particularly aimed at filling gaps in regulation of non-bank financial providers – would be more successful than a new, separate consumer regulator. Creating a new financial products regulator is reactionary overkill for traditional institutions. FDIC-insured banks and savings institutions are already subject to more than 6,000 pages of regulations and at least one major federal or state oversight authority including the FDIC. These regulations already provide consumer protections related to fraud protection, equal opportunity for borrowers, loan disclosures, privacy and interest rates, among others. Lawmakers and regulators already make and enforce new consumer protections such as recent changes to credit card practices. Plus, separating product regulation from regulation ensuring banks operate in a safe and sound manner sets up conflicting goals between regulators and could put banks in the untenable position of having to violate one regulation to comply with another.