

U.S. DEPARTMENT OF THE TREASURY

Press Center



Federal Consumer Agency to Partner with State Regulators on Supervision of Providers of Consumer Financial Products and Services, Including Mortgage Lenders, Private Student Lenders and Payday Lenders

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WASHINGTON – The Consumer Financial Protection Bureau (CFPB) implementation team currently housed within the US Department of the Treasury and the Conference of State Bank Supervisors (CSBS) today signed a memorandum of understanding (MOU) to establish a foundation of state and federal coordination and cooperation for supervision of providers of consumer financial products and services.

Specifically, state regulators and the CFPB will endeavor to promote consistent examination procedures and effective enforcement of state and federal consumer laws and to minimize regulatory burden and efficiently deploy supervisory resources. Further, the MOU provides that state regulators and the CFPB will consult each other regarding the standards, procedures, and practices used by state regulators and the CFPB to conduct compliance examinations of providers of consumer financial products and services, including non-depository mortgage lenders, mortgage servicers, private student lenders, and payday lenders.

The consumer financial protection regime established by the Dodd-Frank Wall Street Reform and Consumer Protection Act strikes a constructive balance between federal and state regulation of firms offering many of the financial products families rely on every day. This MOU is an important step in implementing this balance and provides a starting point for additional state agreements as the states and the CFPB work to fulfill their mandates. Whether shopping for a mortgage for their first home or exploring possibilities to finance their child's education, consumers will benefit from this partnership as the CFPB and CSBS coordinate efforts to enforce applicable federal and state law and to protect consumers. For the first time, a federal agency with the sole job of looking out for consumers as they interact with the financial system will work with state regulators to review businesses' practices and ensure that firms that provide consumer financial products, such as mortgages, are following the law.

"The new consumer financial agency and the state banking regulators are forging an alliance to protect American families," said Elizabeth Warren, special advisor to the Secretary of the Treasury on the CFPB. "This agreement allows us to bring thousands of financial service providers out of the shadows and to begin the process of ensuring that all lenders comply with the same basic rules."

"Today is an important day for financial supervision," said Thomas Gronstal, Chairman of CSBS. "The formalized coordination between the states and the federal government established by the MOU will do much to create a comprehensive and seamless system of financial supervision and is a step toward a more cooperative system of supervision, which will benefit consumers and financial services providers alike."

