Four Main Points Regarding the Consumer Financial Protection Bureau (CFPB)

1. The CFPB's actions will impact your credit union.

The CFPB's regulatory authority extends to all depository institutions even though credit unions under $10 billion in assets will be examined by either NCUA or their state regulator. For example, when the CFPB amends the requirements for mortgage disclosures – all mortgage lenders will need to follow the CFPB's new requirements.

2. The CFPB has the ability to regulate nondepository institutions and "level the playing field."

Unlike prior federal regulators, the CFPB has the ability to regulate and supervise nondepository institutions. For example, the CFPB has the ability to regulate mortgage brokers, payday lenders and private student lenders of all sizes. The CFPB also has the ability to regulate "larger participants" in other consumer markets – including debt collection and credit reporting.

3. Dodd-Frank requires the CFPB to make numerous changes to regulations. These changes will amend existing requirements and increase the regulatory burden on credit unions.

In addition to creating the Consumer Financial Protection Bureau, the Dodd-Frank Act also gave the CFPB specific marching orders. These Dodd-Frank mandates require the CFPB to amend existing consumer regulations by a specific timeframe. For example, Dodd-Frank requires the CFPB to make numerous changes to the mortgage lending process – including new disclosures.

4. The CFPB's actions will increase credit unions' reputation risk. The CFPB has the power to declare actions unfair, deceptive or abusive.

Even if the CFPB doesn't declare a particular practice as "unfair, deceptive or abusive," the CFPB does have the ability to shine the light on current practices and determine if they benefit or hinder consumers. For example, the CFPB is reviewing the overdraft practices currently used by financial institutions in anticipation of future regulations.

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