CHOICE Act is the Wrong Choice for American Consumers

Today, the House of Representatives will be voting on the Financial CHOICE Act (H.R. 10), an all-out attack on the Dodd-Frank Act by House Republicans. The Financial CHOICE Act is a crude attempt to deregulate financial and consumer markets and green-light America's next financial crisis, putting millions of Americans on the hook for the next bailout. This legislation is packed with deregulatory handouts to every kind of financial institution, including large banks who want to return to the excessive borrowing and risky banking practices that led to the financial crisis.

Here is what a few economists, policy experts, and stakeholders have to say about why the Financial CHOICE Act is the wrong choice for American consumers:

John C. Coffee Jr., Adolf A. Berle Professor of Law at Columbia University Law School and Director of its Center on Corporate Governance: "Despite this cutesy and innocuous title, the CHOICE Act proposes dangerous and radical surgery that would gut those provisions of the Dodd-Frank Act that seek to prevent the failure of a single major bank from setting off a chain reaction that could bring down all interconnected banks." [5/22/17]

Jared Bernstein, senior fellow at the Center on Budget and Policy Priorities and a former chief economist to Vice President Biden: "Dismantling consumer protections, restoring conflicts of interest and cranking up the economic shampoo cycle are all absolutely fantastic ways to kill the expansion, end the job and wage gains finally starting to reach low- and moderate-income households, exacerbate the income and wealth inequality still very much embedded in our economy, and stick it to some of the very people that helped elect this administration." [2/3/17]

Ben Bernanke, Brookings Institute: "In my view, repealing Title II to eliminate the OLA would be a major mistake, imprudently putting the economy and financial system at risk...Indeed, if no OLA were available, it's more rather than less likely that some future policymakers would conclude that bailouts were the only viable option to protect the economy." [2/28/17]

Senior Legislative Counsel Yana Miles, Center for Responsible Lending: "This extreme legislation [Choice Act] would put the foxes back in charge of guarding the hen house by putting big banks and predatory lenders back in charge of our economy. This 'Wrong CHOICE Act' contains numerous provisions that prevent the consumer agency from doing its job of stopping the tricks and traps of predatory actors in the financial industry. The bill even specifically exempts payday and car title lenders – notorious for springing devastating debt traps for their already vulnerable customers – from any regulation." [4/26/17]

David Lazarus, Los Angeles Times columnist: “Buried deep within GOP bill: a 'free pass' for payday and car-title lenders…With that one line [Section 733 of Choice], Republican lawmakers have declared their willingness to allow people facing financial difficulties to be at the mercy of predatory lending practices that typically involve annual interest rates approaching 400%.” [5/30/17]

National Council of La Raza: “Not only would the ‘Financial Choice Act of 2017’ deregulate financial institutions and expose our economy as a whole to a heightened risk of instability, but the CFPB would be rendered powerless to accomplish its mission…The reforms put in place after the financial crisis are essential for ensuring a stable economy and recovery for all Americans and to avoid future economic devastation. Since opening its doors, the CFPB and Director Richard Cordray have worked tirelessly to protect ordinary Americans’ hard-earned money from greedy Wall Street titans.” [4/26/17]

Americans for Financial Reform: “This legislation is crammed with deregulatory gifts that would facilitate abuses by financial institutions across the board, including giant mega-banks who want to return to the excessive borrowing and risky practices that led to the financial crisis; private equity and hedge funds who want to manipulate the rules to enrich their executives while harming workers and investors; mortgage lenders who want to undo the safeguards against the kind of unaffordable loans that drove the financial crisis, storefront payday and car title lenders pushing products that trap consumers in a cycle of ever increasing debt, and more.” [4/25/17]

National Hispanic Leadership Agenda: “The reckless behavior of financial institutions, including banks, credit card companies, and mortgage lenders, caused the 2008 financial crisis that cost Americans millions of lost jobs, billions in tax-payer funded bailouts, and trillions of lost retirement savings. The lack of consumer protections allowed unscrupulous lenders to target communities of color with unfair and abusive financial products. During the Great Recession, median household wealth among Hispanics fell from $15,359 in 2005 to $6,325 in 2009, a 66% decline. Latinos were disproportionately impacted by the economic crisis and are still struggling to recover.” [5/2/17]

National Consumer Law Center: “This bill is more accurately titled the ‘Wrong CHOICE Act.’ The bill appears to have been written by a team of lawbreakers and predatory lenders putting together their wish list of how to undo consumer protections. Even by the standards of other anti-consumer protection legislation, this bill is breathtaking in its assault on ordinary Americans, responsible companies who want a level playing field, and safeguards for the economy as a whole.” [4/26/17]

The Leadership Conference on Civil and Human Rights: “In the five years since the CFPB opened its doors, it has worked tirelessly to put an end to the ‘anything goes’ mortgage lending that marked the previous decade, racial discrimination in auto lending markups, sneaky credit card add-ons, and many other deceptive and abusive practices, while also promoting consumer education and the growth of more inclusive financial technology. Our position on any effort to roll back this progress is the same, regardless of whether it is done piecemeal or lumped into one comprehensive bill. [4/25/17]

Third Way: "No one wants a bank bailout to happen ever again. But President Trump and Republicans in Congress want to rip up the single most important piece of legislation that helps prevent taxpayer-funded bailouts, Dodd-Frank. And they would replace it with a far weaker bill, the Financial CHOICE Act, that unravels all of the progress we've made to reform Wall Street." [4/25/17]

Center for American Progress: "The provisions in the Financial CHOICE Act show a malicious disregard for the lessons learned in the financial crisis. Erasing the progress made on financial stability, consumer protection, and the concentration of economic power on Wall Street would make the real economy far more vulnerable to the daily ravages of the worst financial practices, as well as to another serious financial crisis and ensuing recession. Lack of accountability would grow worse, not better, devastating the societal fabric of trust that deeply needs to be rebuilt. Too many workers lost their jobs, too many families lost their homes and wealth, and too many consumers were wronged for the United States to go back to those precrisis ways." [4/19/17]

AFL-CIO: "At its essence, H.R. 10 reflects a level of disregard for the welfare of consumers and individual investors that is difficult to comprehend. It not only guts many of the essential systemic risk reforms adopted after the 2008 financial crisis, it also eliminates many investor protections that have existed since the Great Depression." [6/5/17]

Consumer Federation of America: "This bill will put our financial marketplace in a weaker position than it was before the crisis, making American consumers more vulnerable and more at risk. This bill does not create financial choices for consumers; it creates a financial marketplace of no fair choices. It creates a financial marketplace with higher risk, without a regulator with the authority, resources and independence to minimize risks for consumers. It would remove the key protections enacted after the crisis to restore a greater alignment of interests in the financial market among consumers, lenders, investors and taxpayers. This is not a choice that any consumer would knowingly make or that Congress should adopt." [4/26/17]