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DURBIN, SCHUMER PROPOSE NEW CREDIT SAFETY AGENCY FOR CONSUMERS
Broad Array of National, State Groups Support Financial Product Safety Commission Bill

More than fifty diverse organizations supported legislation introduced today by key Members of Congress to create a new federal agency to ensure the safety, fairness and sustainability of credit and payment products. The legislation would create a new Financial Products Safety Commission to ensure that credit and payment products do not have predatory or deceptive features that can harm consumers or lock them into unaffordable loans.

In a letter to Senators Richard Durbin and Charles Schumer and Representatives William Delahunt and Brad Miller, who are sponsoring the bill, the groups said, "It is now widely accepted that the current international economic crisis was triggered by the failure of federal regulators to stop abusive lending, particularly in the housing sector. By creating a separate agency focused exclusively on credit safety, your legislation will not only better protect consumers, but the entire economy."

The groups said that the legislation would offer a dramatic improvement over the current splintered, ineffective financial regulatory system because the new agency would be required to make consumer credit protection its top priority. Currently, bank regulators are also charged with regulating the soundness of financial institutions, which often means they ignore or overlook protecting consumers from unsafe credit products. The legislation would no longer allow financial institutions to shop around at the state or federal level for a regulator that will keep oversight at a low level. The new agency would be charged with setting high federal minimum standards for credit products, so that only competition to increase consumer protections would exist.

The letter was signed by a large number of consumer, community, labor, and civil rights groups at the federal and state level, including the AFL-CIO, Center for Responsible Lending, Consumer Federation of America, Consumers Union, NAACP, Leadership Conference on Civil Rights, National Council of La Raza, Public Citizen, Service Employees International Union and U.S. PIRG. The letter can be found at: http://www.consumerfed.org/pdfs/FPSC_letter.pdf.