

The economic crisis is among the greatest challenges that the United States has faced. There's plenty of blame for past administrations and Congresses that were too interested in special interests to appropriately protect the public interest.

Some blame also rests with American consumers, a few of whom actually abused the system themselves. Too many others were simply uninformed. There is still more blame for a lax financial regulatory system and a Federal Reserve system that in many cases enabled reckless behavior. On balance, the entire system failed and our country is paying the price.

The Wall Street Reform and Consumer Protection Act, which passed the House of Representatives, is an important step towards rebalancing priorities and strengthening the protections in our financial system to deal with families, consumers and the integrity of our institutions. Although Congressman Blumenauer believes this legislation is far from perfect, he voted for it with the hope that it's the beginning of long term reform.

Among the provisions of this legislation that Congressman Blumenauer is most proud of is the creation of the **Consumer Financial Protection Agency** (CFPA). Just as American consumers are protected from products that can cause serious physical harm, they should also be protected from products that can cause financial ruin. The CFPA will closely examine consumer lending practices to ensure that consumers are treated fairly. The agency will extend consumer protections to financial products, such as mortgages, credit cards, and "payday" lenders. It will also require that banks prominently display information regarding the fees and charges associated with the bank's overdraft protection program.

The Wall Street Reform and Consumer Protection Act also provides greater oversight and transparency throughout the financial system by:

- **Ending predatory lending practices** that occurred during the subprime lending frenzy.
- **Shutting down "too big to fail" financial firms** before risky and irresponsible behavior threatens to bring down the entire economy.

- **Ending costly taxpayer bailouts** with new procedures to unwind failing companies that pose the greatest risk – paid for by the financial industry and not the taxpayers.

- **Tough new rules on the riskiest financial practices** that gambled with your money and caused the financial crash, like the credit default swaps that devastated AIG, and common sense regulation of derivatives and other complex financial products. Includes a strong "Volcker rule" that generally restricts large financial firms with commercial banking operations from trading in speculative investments.

- **Tough enforcement and oversight** with:
 - More enforcement power and funding for the **Securities and Exchange Commission**, including requiring registration of hedge funds and private equity funds

- Enhanced oversight and transparency for **credit rating agencies**, whose seal of approval gave way to excessively risky practices that led to a financial collapse
- **Reining in egregious executive compensation and retirement plans** by allowing a 'say on pay' for shareholders, requiring independent directors on compensation committees, and limiting bank executive risky pay practices that jeopardize banks' safety and soundness.
- **New protections for grocers, retailers and other small businesses** facing out-of-control swipe fees that banks and other credit and debit card issuers charge these businesses for debit or prepaid-card purchases. As a result, merchants stand to save billions.
- **Audits the Federal Reserve's emergency lending programs** from the financial crisis and limits the Fed's emergency lending authority.

Passing the most significant reform of the financial system in decades is a good first step. Congress must continue to find the right balance in regulating the financial system to protect citizens and at the same time, preserve free market principles. Congressman Blumenauer is hopeful that this bill will inspire everyone – those in Congress, the administration, in regulatory agencies, industry, and all Americans – to be fiscally responsible and prevent the abuses that precipitated our current economic challenges.

Learn More

- [The Top 10 Things You May Not Know About the Wall Street Reform and Consumer Protection Act»](#)
- [Read the Dodd-Frank Wall Street Reform and Consumer Protection Act \(Thomas\)»](#)
- [Download the Dodd-Frank Wall Street Reform and Consumer Protection Act \(.pdf\)»](#)
- [Read a summary of the legislation on the Financial Services Committee website»](#)

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