

Opening Statement
Rep. Carolyn Maloney
June 13, 2007

Thank you, Mr. Chairman.
As the Chair of the Subcommittee
charged with consumer credit,
I am very pleased
that you have convened this hearing
of the Full Committee
to highlight and discuss
some of the overarching issues
of federal and state consumer regulation
that we have been working on
in my subcommittee
in the context of specific regulatory debates.
Whether it is in the context of
credit card regulation
or subprime mortgage lending,
the fact of growing OCC preemption
requires us to ask who is best able make new
rules
and who can enforce them.

It may be correct,
as the OCC says,
that the Watters decision
changed the law very little if at all.
But in legal history books,
I believe, it will be seen as marking
the end of one era
and the beginning of the next.
I hesitate to announce the impending death
of the dual banking system,
But I wonder what meaningful role
is left for state regulators.

As a Member of Congress
I am inclined to believe that elected officials
are the most responsive to the needs of their
constituents,
and as a New Yorker I know
that an active state AG
is a very effective consumer protector.

On the other hand,
In today's global market

We may no longer be able to afford the luxury of having the most banking regulators in the world.

Uniformity may be an advantage
We can no longer afford to do without.

So I'd like to see the federal regulators prove they can take up this responsibility and build a record on consumer protection to match the record they have built on safety and soundness.

For instance,
I'd like to see the Fed
Use its unfair and deceptive practices authority
To regulate in both the subprime mortgage area
And in the credit card area
To ban abuses.

As I suggested last week

maybe we should extend that power
to the other agencies as well
so that there would be more regulatory
vigilance.

Joint rulemaking would give a seat at the
table
to the various sectors
and provide more input and different views.

I'd like to see the OCC and the FDIC
Ramp up their staffing and resources
to make it possible for consumers
to call and complain
and get a helpful response.

Structurally, I am concerned that
the consumer protection sections of the
agencies
should have direct access to the top decision
makers
and a seat at the head table.

I also think we should support and
encourage

efforts by federal regulators
to work with states.

For example, the OCC
and the Conference of State Banking
Supervisors
have agreed on a model framework
for sharing consumer complaints
that has been put into place first in my state
with an MOU between the OCC and
the New York State Banking Department.

I hope we can explore these and other issues
And I look forward to the testimony.