

July 14, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

The undersigned state bankers associations representing banks of all sizes in every state strongly urge you to use your authority under the Congressional Review Act to prevent the economic damage to our communities that would result from the recently finalized Consumer Financial Protection Bureau (CFPB) “anti-arbitration rule.” If allowed to take effect, the Rule would create a windfall for unscrupulous class-action attorneys, provide little or no relief to harmed consumers, and effectively eliminate an accessible alternative to the often-daunting judicial system.

The fact is that the rigorous, independent, fact-finding process in arbitration provides a strong incentive for companies to satisfy aggrieved consumers quickly and informally. Arbitration is used by the CFPB itself to address its own employee’s complaints against management. Most consumer disputes are unique and not “classable” – and shutting down arbitration will leave this vast majority of consumers with only one option: the expense and frustration of courtroom litigation.

In class-action lawsuits, the spoils go overwhelmingly (and sometimes exclusively) to a small cadre of highly motivated trial lawyers who specialize in filing a large volume of often-frivolous and speculative litigation. According to the CFPB’s own study, in 9 out of 10 class actions, consumers received nothing, and in the remaining cases consumers receive an average of just \$32. Compare that to the \$5,389-average award in arbitration decisions studied by the CFPB.

The CFPB chose to ignore this data and instead effectively eliminated arbitration without proposing a reasonable alternative process for timely, low-cost resolution of consumer disputes. We urge you to support efforts to reverse this flawed rule and place consumers ahead of special interests.

Sincerely,

Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association

Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Illinois League of Financial Institutions
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: Members of the United States Senate