Center for Capital Markets Competitiveness

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Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Request for Information Regarding Consumer Credit Market Docket No. CFPB-2017-0006

Dear Ms. Jackson:

The U.S. Chamber of Commerce (the "Chamber") is the world's largest business federation, representing the interests of more than three million companies of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for capital markets to fully function in a 21st century economy. We believe our markets depend on strong consumer protections, and transparent policy-making.

We appreciate the opportunity to respond to the Request for Information ("RFI") issued by the Consumer Financial Protection Bureau ("CFPB" or "Bureau") regarding the consumer credit card market. We specifically would like to take this opportunity to comment on one provision that affects both our retail and lender members–deferred interest.

As the Bureau is aware, retailers of all shapes and sizes have a variety of financing options that they provide to their customers. As noted by the Bureau in its RFI, one of these options, deferred interest financing, is popular among both retailers and consumers. Consumers choose deferred interest financing, only after receiving clear and conspicuous disclosures specifically required by the CFPB, because it makes buying the products they need or want easier and more affordable. Although special financing promotions—like deferred interest—require significant subsidization from merchants, local merchants have offered deferred interest financing to their customers because they know their customers like the product and choose it to meet their needs, which generates additional sales for retailers. Put simply, it is a "win-win" for local retailers and their customers.

We urge the CFPB to consider the consequences if retailers lose this key financing option and are forced to choose from promotional financing options that may be even more expensive to retailers. Small and mid-size retailers in particular would have difficulty absorbing these additional and unnecessary costs, resulting in reduced promotional financing availability that consumers want and need.

Furthermore, we would like to take this opportunity to stress the importance of following the Administrative Procedures Act ("APA") standards when creating policy. We learned that financial institutions received a letter from Director Cordray about the deferred interest product in a seeming attempt to "nudge" the marketplace. Since its inception, the Bureau has engaged in policy-making by enforcement and innuendo. As the regulator of financial institutions, the Bureau's "suggestions" clearly carry more weight than standard form letters and have the potential to influence compliance-minded institutions. The APA was established to combat this exact scenario because policy-making must be done in a transparent, formal process.

Accordingly, we strongly recommend that the Bureau clearly identify the problem it is attempting to solve, open up a notice and comment period to receive information on the purported problem, and use a cost-benefit analysis to determine the scope and breadth of any issues and subsequent solutions. This process is necessary to abide by long-established precedent and avoid any outcomes that could be viewed as arbitrary and capricious.

We thank you for the opportunity to submit these comments and would be happy to discuss these issues further.

Sincerely,

Tom Quaadman