

FTC and CFPB Renew Agreement to Coordinate Consumer Protection Efforts

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The Federal Trade Commission and the Consumer Financial Protection Bureau recently reauthorized their ongoing Memorandum of Understanding for another three years.

The FTC has general jurisdiction with regard to consumer protection. However, certain industries, notably financial institutions, were historically excluded, as they were deemed to already be subject to significant state and federal regulation. This arrangement was fundamentally altered with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the CFPB, transferred consumer protection authority that had been with other regulators, expanded jurisdiction to include financial institution service companies, and enhanced the consumer protection mandate.

The FTC and CFPB now have overlapping jurisdiction in certain situations. It is clear that the CFPB and FTC have similar organizational goals focusing on consumer protection; therefore, Dodd-Frank required an agreement between the agencies to coordinate enforcement actions and avoid duplication of, or conflict between, rules. The Memorandum outlines how the agencies will handle situations where jurisdiction is overlapping and processes for sharing potentially confidential information.

Tip: This reauthorization is a reminder that the CFPB will coordinate enforcement activities with the FTC and may also request from, or share with, the FTC otherwise Confidential Supervisory Information.

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