

## CFPB's Retreat Isn't Moving Needle For Banks, Ex-Chief Says

By **Jon Hill**

Law360 (November 5, 2025, 12:22 AM EST) -- The Trump administration's hollowing out of the Consumer Financial Protection Bureau hasn't changed how banks are approaching compliance, former agency Director Kathleen Kraninger said at a Tuesday industry conference.

Kraninger, who now leads the Florida Bankers Association, said that even with the recent retrenchment at the CFPB, the compliance playbook for banks continues to be the same because federal consumer financial law itself has not changed.

"Institutions have to keep following the law, and they have the processes and procedures that they're still required to follow and that they should still follow," said Kraninger, who ran the CFPB in President Donald Trump's first term.

She added that while it's not necessarily helpful to have the "pendulum swing wildly" in terms of the CFPB's regulatory posture, banks can afford to take a longer-term view when it comes to compliance. State attorneys general also remain forces to be reckoned with.

Kraninger predicted that their enforcement activity will "definitely" increase in the months to come as state-level efforts to pick up slack from the CFPB start coming to a head. But she said the prospect of a surge in state enforcement hasn't been a particular concern for her group's members.

"They feel like they're doing what is required in law, doing the right thing and really looking for opportunities to focus on serving and meeting their clients' needs, rather than whatever may be changing in terms of the regulatory expectations," she said.

Kraninger's comments came during a panel discussion on consumer financial protection trends at The Clearing House's annual conference in New York. Also participating as panelists were Christian Gonzalez, Fifth Third Bank's chief legal officer, and Delicia Hand, Consumer Reports' senior director of digital marketplace .

Under acting Director Russell Vought, a Trump appointee, supervision and enforcement at the CFPB has largely ground to a halt since February. No new contested actions have been brought, and the agency has dismissed or rolled back more than 40 pending or settled cases.

That sharp falloff in activity has fueled harsh criticism from consumer advocates, who say the Trump administration is giving corporate offenders a free pass while also making it clear to the rest of the financial industry that the agency won't stop them if they break the law.

Gonzalez acknowledged Tuesday that there have been upsides for industry to the CFPB's retreat. After the agency's aggressive Biden-era years, it has been nice "taking a deep breath," he said, "and what you're seeing is less regulation by enforcement, which is a welcome surprise."

But he said that Fifth Third fundamentally hasn't altered how it thinks about risk evaluation, business controls or product offerings.

"It's still anchored in the underlying law that's still in place, so from my perspective, it's still business as usual," Gonzalez said.

He said Fifth Third is also monitoring how state authorities might seek to fill the vacuum left by the CFPB. Some data indicates state enforcement actions associated with consumer financial protection issues have already increased this year, according to Gonzalez.

"You're seeing AG coalitions formulate, collaborate and pool those resources [for matters] that traditionally would have fallen to the bureau," Gonzalez said. "I think you'll see more of that, more cross-coordination between AGs."

Consumer Reports' Hand, who previously served in the CFPB's external affairs office, offered a contrasting view. Although it is "positive" that established firms might not take the agency's pullback as a cue to loosen up on compliance, the retreat has nevertheless left consumers with fewer protections and less oversight of newer products and business models, she argued.

"Stop signs and speed traps work — cars slow down," Hand said. "One of the important reasons to have an active CFPB has been that market monitoring and then supervision role."

Hand said that many of the areas where the CFPB is stepping back were long-settled and uncontroversial, such as its oversight of debt collection, credit reporting and auto finance firms. Its sudden rollback of supervision and enforcement has created a "chaotic" lack of clarity about who to turn to when financial companies misbehave, she argued.

"The consumer bar is frankly very active and overwhelmed," Hand said. "Consumer advocacy groups are also trying to fill the gap," she added, but "it's insufficient."

"Litigation should be the last resort, and right now seems to be the front line of consumer protection, which is backwards for companies," Hand said.

--Editing by Amy French.