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CFPB Announces Invocation of Authority to Supervise and Examine FinTechs and Other Nonbanks Whose Activities Pose Risks to Consumers

By: [Michael Flynn](#)

On April 25, the CFPB announced that it is invoking an aspect of its oversight authority to enable it to supervise and examine certain nonbank lenders when it determines the company's activities and products pose a risk to consumers. The announcement highlights the CFPB's intent to more closely supervise at least some FinTech companies and other nonbank consumer financial services providers, comparable to its supervision of banks. CFPB Director Chopra stated that "[g]iven the rapid growth of consumer offerings by nonbanks, the CFPB is now utilizing a dormant authority to hold nonbanks to the same standards that banks are held to."

Under the Dodd-Frank Act, the CFPB was given specific authority to supervise nonbanks in certain industries and products, such as payday lending and mortgage lending. Dodd-Frank also gave the Bureau authority to supervise nonbanks without limitation as to size when the Bureau has reasonable cause to determine that the company's products and activity poses risks to consumers. In making its announcement that it is exercising what it referred to as this "dormant" authority, the CFPB stated that its authority to supervise such entities "is not specific to any particular consumer financial product or service."

At the same time, the CFPB issued a rule allowing it to publish all or part of a determination that a company's products and activities pose risks to consumers. Such a determination was previously treated as confidential. The CFPB noted that there is public interest in such "potentially significant" determinations, and that "if a decision or order is publicly released, it would be available as a precedent in future proceedings."

Read the CFPB's [announcement](#) and [new rule](#).

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