Slimmed-Down CFPB to Focus on Bank Oversight, Concrete Consumer Harm

April 23, 2025

On April 16, the Consumer Financial Protection Bureau (CFPB) **sent an internal memorandum** to CFPB staff describing its 2025 supervisory and enforcement priorities. Not surprisingly, the memo highlights its intended departure from areas of focus of the prior administration, with supervisory resources primarily shifting back to depositories. Contrary to the Biden CFPB's focus on working with the states, the memo notes that it will move away from those areas where the states have regulatory authority. Further, as expected, it also affirms that regulatory efforts will not seek to push the outer bounds of the CFPB's jurisdiction, a major criticism of the Biden-era CFPB.

According to a separate memo issued to CFPB staff on April 11, the CFPB also is reportedly undertaking a comprehensive review of previously issued guidance to remove those documents it deems "unlawful." The day after issuing the memo, the CFPB attempted to terminate approximately 90% of its employees, both advancing the positions outlined in the memo while potentially hampering the agency's ability to implement those same initiatives. Those terminations, however, have been stayed, and an April 28 evidentiary hearing has been scheduled to review the layoff process.

Collaborative supervisory efforts, with an increased focus on depositories

The CFPB memo indicates future supervisory efforts will focus more heavily on depositories rather than nondepositories, such as fintechs and other nonbank financial services companies. The memo states that there will be a 50% reduction in overall supervisory "events," and that 70% of future supervisory efforts will focus on depository institutions. This represents a substantial change from the recent supervisory environment, which the memo states devoted 60% to nonbank examinations. As part of this shift, the CFPB also indicated it will not pursue supervision under "novel legal theories" and instead will focus on "areas that are clearly within its statutory authority" –likely a reference to recent actions to supervise entities not traditionally considered providers of financial services. The CFPB also announced it will deprioritize participating in multistate exams and other supervisory activities where the states have "ample" regulatory and supervisory authority, unless required by statute.

The memo also signaled an intent to work more collaboratively with supervised entities to resolve problems, with a focus on conciliation, correction and remediation of harms related to consumer complaints, rather than the more aggressive enforcement agenda of the prior administration. The memo indicates that corrective action directives will focus on remediation to victims with "material and measurable" damages, and that the CFPB will not seek penalties to "simply fill" its penalty fund or bring matters based on a perception that consumers made "wrong" choices.

Mortgages and credit reporting at the top of product priority list for supervision and enforcement

The memo outlines a list of products and activities that the CFPB will both prioritize and deprioritize. As to the former, the memo indicates the CFPB's intent to focus on mortgage lending and servicing, furnishing of credit report information, debt collection, fraudulent overcharging and fee assessments (i.e., junk fees), and inadequate protection of consumer information resulting in concrete harm. The CFPB also will continue to focus on redress to servicemembers and veterans, as well as their families – a priority already reflected in the CFPB's recent decision to continue prosecuting a case alleging violations of the Military Lending Act.

Equally notable, the memo states the CFPB will deprioritize regulation of peer-to-peer lending, student lending, remittances, digital payments, consumer data, financial products for "justice involved" persons and medical debt. The approach here not only aligns with the current administration's more fintech-forward approach, but also is a retreat from the prior administration's expansion into products and services that was both the subject of heavy criticism from industry and litigation.

On the fair lending front, the memo indicates that the CFPB will not pursue actions for discrimination under a disparate impact theory. Instead, it will focus on matters with "proven actual intentional racial discrimination" and "actual identified victims." The memo also indicates that the CFPB will not conduct redlining assessments based only on statistical evidence or remarks that may be susceptible to adverse inferences – a reference to the CFPB complaint and ultimate settlement with Townstone Financial, which the **current administration is now seeking to vacate**.

Enforcement work to 'respect federalism'

An overarching theme of the CFPB memo – and in line with the efficiency mantra that has formed the basis for much of the current leadership's defense of its employee terminations – is a stated intention to avoid "duplicative" work. The CFPB will minimize duplicative enforcement where another federal regulator is engaged in or has completed enforcement of a matter, or where a state regulator or authority is engaged in or has completed its investigation into a matter.

What's next?

The 2025 supervisory and enforcement priorities outlined in the CFPB's memo suggest a return to what many view as the CFPB's oversight roots, focusing on institutions clearly within jurisdictional reach and instances where consumers are tangibly and demonstrably harmed. This approach is likely to be reinforced by the CFPB's internal review and removal of many previously issued policy statements, advisory opinions, bulletins, circulars and interpretive rules the CFPB's new leadership deems "unlawful."

It does, however, remain to be seen how the CFPB will effectuate even this narrower oversight agenda given the attempted reduction in force that, **by the CFPB's own numbers**, would leave the CFPB with just over 200 employees. The ultimate size of the CFPB workforce remains in question, and on April 18, a federal judge halted the layoffs pending further exploration of the legality of the layoff process at the upcoming April 28 evidentiary hearing.

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