



FACT SHEET: CREDIT REPORTING MARKET

Credit reporting has a widespread influence on many aspects of a consumer's financial life. The Consumer Financial Protection Bureau (CFPB) wants to make sure companies are following federal consumer financial protection laws. On July 16, 2012, the CFPB adopted a rule to establish the first federal program to supervise consumer reporting agencies, which include the three big national credit reporting companies as well as other companies involved in credit reporting.

CFPB's Supervision

- **CFPB's supervision authority will cover a large part of the consumer reporting market.** Under the rule, the CFPB will have authority to supervise consumer reporting agencies with more than \$7 million in annual receipts from consumer reporting activities. CFPB's supervision authority will cover approximately 30 firms, or 7 percent of market participants, and account for approximately 94 percent of industry receipts.
- **For the first time, consumer reporting agencies will be subject to a federal supervision program.** The CFPB will assess compliance with federal consumer financial laws as well as detect and assess additional risks to consumers. Supervision may include requiring reports, conducting examinations, and ongoing monitoring. Supervision will begin after the rule takes effect on Sept. 30, 2012.
- **Supervision will complement CFPB's other tools in the credit reporting market.** The CFPB has other tools it can use to help consumers in this market. It can also write rules under the Dodd-Frank Act and the Fair Credit Reporting Act. If need be, the CFPB can take enforcement actions. And, the CFPB can – and will – educate consumers about credit reporting and their rights under the law. Today, the CFPB is releasing a Consumer Advisory about credit reports, and it is releasing a series of questions and answers about credit reporting in its Ask CFPB database.
- **This rule is the first in a series of rulemakings to define "larger participants" in certain nonbank markets.** In February 2012, the CFPB proposed supervising the "larger participants" in the consumer reporting and debt collection markets. This final rule defines larger participants in the consumer reporting market. The CFPB plans to finalize a debt collection rule this fall, and plans to propose additional "larger participant" rules for other nonbank markets in the future.

Consumer Reporting Agencies

- **Affect nearly every American consumer.** The three largest consumer reporting agencies each maintain files on more than 200 million Americans. Consumer reports, and the credit scores derived from them, are used to determine eligibility and pricing for credit cards, home mortgage loans, automobile loans, and other types of consumer financial products. For example, of the 113 million credit card and retail card accounts, auto loans, personal loans, mortgages, and home equity loans originated in the U.S. in 2011, the vast majority were approved and priced using information provided by consumer reporting agencies.

- **A \$4 billion dollar market.** According to available data sources, there are about 400 consumer reporting firms in the United States. Combined, they have more than \$4 billion in annual receipts. In addition to the largest credit reporting companies, there are a variety of specialty consumer reporting agencies, which may report information on alternative financial products and services, like checking accounts or payday loans.
- **Billions of reports.** The Consumer Data Industry Association estimates that every year 3 billion consumer reports are issued and 36 billion updates are made to consumer files. The largest consumer reporting agencies collect a variety of information from a range of sources including lenders, debt collectors, and public records. These companies then sell comprehensive reports based on the information they collect.
- **The largest financial institutions play a big role.** The 10 largest financial institutions provide more than half of the information about credit accounts contained in consumers' credit files. They are also the largest users of credit reports.
- **Free annual credit report.** In 2003, Congress amended the Fair Credit Reporting Act to require nationwide consumer reporting agencies to provide consumers, on request, with copies of their credit reports for free once a year. The three nationwide credit reporting companies developed a shared website, www.annualcreditreport.com, where consumers can obtain their free annual reports from each of the companies. Consumers can also obtain their free annual reports by calling 1-877-322-8228.