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Statement of Rep. Carolyn B. Maloney (D-NY)
Subcommittee on Financial Institutions and Consumer Credit
Hearing on the Importance of the National Credit Reporting System
to Consumers and the U.S. Economy
May 8, 2003

This morning the Subcommittee begins consideration of the reauthorization of the Fair Credit Reporting Act (FCRA), sections of which expire at the end of the year. This is one of the most significant topics that this Subcommittee will consider, possibly for many years.

The FCRA has a major impact on the lives of all of our constituents. When families sit around the dinner table and make their monthly budgets it is often the cost of credit that is the greatest variable in figuring family expenses. All consumers should know that credit reports affect the cost of mortgages, car loans and credit cards. What consumers may not know is that credit reports reach even deeper into their lives, impacting their employment prospects and their attractiveness as insurance risks.

The sweeping impact of the FCRA is further reinforced by an study released yesterday by the Financial Services Roundtable which stated that failing to reauthorize could cost the economy nearly $90 billion in GDP, $20 billion per year in additional incremental interest for consumers and 19,125 fewer single family homes. These are incredibly large numbers, especially in a struggling economy.

While the industry cites the potential significant costs of failing to extend FCRA, I believe the costs of not improving the law while we have a chance are just as important. This Subcommittee must address the tragedy that is identity theft while we have an opportunity. Too often victims of I.D. theft are left to fend for themselves. I have personally talked to constituents who must struggle to repair their credit through a process that can take several years and cost thousands of dollars. Rep. Darlene Hooley has an excellent bill on this issue that I am proud to cosponsor. I hope this bill will be considered as part of FCRA reauthorization. I also believe this debate gives us a significant opportunity to empower consumers to take more control of their credit ratings. We must take additional steps to improve credit report accuracy and increase consumer education efforts. This is especially important for populations that have traditionally been consumers of predatory or high cost lending.

Given the importance of the task before this Subcommittee, I am very pleased that Assistant Secretary Abernathy is here to share the views of the Treasury Department with us the morning. This topic is so important that the position of the Administration will have to be well defined if

Congress is to act in an expeditious manner. In this regard, I am somewhat concerned that with the exception of declaring strong opposition to identity theft the Treasury testimony submitted to the Committee this morning seems to ask more questions than it answers.

The FCRA has incredibly serious consequences for the economy and for individual consumers. I hope we can have a bipartisan agreement that strengthens the credit markets for the benefit of consumers. I yield back the balance of my time.