

**STATEMENT OF CHAIRMAN SPENCER BACHUS
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER
CREDIT
“THE ROLE OF FCRA IN THE CREDIT GRANTING PROCESS”**

Good morning. The Subcommittee will come to order. Our hearing today is another installment in the series of hearings the subcommittee is holding with respect to the Fair Credit Reporting Act (FCRA). The provisions in the FCRA that guarantee a single national standard with respect to many of the FCRA's provisions are set to expire on January 1, 2004. As I stated last week, my focus throughout this debate will remain on providing consumers and the economy with strong benefits and protections. At our last hearing, we had more than 20 witnesses describe why and how the FCRA is important to consumers and the economy as a whole. Today we will focus on the credit-granting process and the role of FCRA in facilitating the most robust credit market in the world.

The process of applying for a personal loan, car loan, or even a credit card has become increasingly simple. The consumer fills out a brief application, and within a matter of minutes the consumer will know whether he or she has qualified for credit. The chairman of the Federal Trade Commission, Timothy Muris, has referred to this as the “miracle of instant credit.” Even the mortgage underwriting process has become much less complicated. Today new homeowners can spend more time picking out new curtains and wallpaper because they spend less time on mortgage paperwork and stress. It should be obvious that these improvements in the credit-granting process benefit consumers.

Our witnesses today will provide us with a complete picture of how the FCRA operates as part of the credit-granting process. Our first panel will focus on how lenders assist millions of

Americans in realizing the dream of homeownership. Just as importantly, we will also learn how a consumer-reporting agency, commonly known as a credit bureau, facilitates the credit-granting process. The first panel will also include witnesses representing consumer groups. Our second panel will review the credit-granting process in a broader scope. We will hear from representatives of a credit union, smaller banks, a large bank, and a credit card issuer. Each will describe how the FCRA affects their ability to make credit widely available to American consumers. We will hear from other witnesses describing some potential pitfalls of the credit-granting process.

I, for one, am particularly interested in how the national standards established by certain provisions of the FCRA relate to the credit-granting process. For example, I am interested in learning whether FCRA has facilitated a national credit market and whether having a national system is beneficial. More importantly, if the national uniformity in place today were replaced with a patchwork quilt of inconsistent state laws, would consumers face a less convenient, and more expensive, credit-granting process?

I want to thank Chairman Oxley, Ranking Member Frank, and Mr. Sanders for working with me on FCRA reauthorization. I believe the bipartisan cooperation that we have had on this important issue has been helpful to the debate. Today we have accommodated all four of the Minority's witness requests.

I look forward to our witnesses' testimony on how the FCRA facilitates the most advanced credit underwriting process in the world, and how it benefits consumers.

The chair now recognizes the Ranking Member of the Subcommittee, Mr. Sanders, for any opening statement he would like to make.