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STATES ARE POISED TO RAMP UP ENFORCEMENT AMID TRUMP ADMINISTRATION'S DEREGULATION PUSH

With an anticipated change in federal enforcement priorities under a second Trump Administration, state regulators and Attorneys General are ramping up oversight of consumer financial services. Backed by expanded authority, growing resources, and multistate coordination, states appear prepared to fill the proverbial void. This shift signals greater regulatory complexity and unpredictability for bank and nonbank financial institutions, emphasizing the need to monitor state-level developments and adapt compliance strategies accordingly.

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In stark contrast to the Biden Administration's aggressive enforcement posture against banks and nonbank consumer financial services providers, the Trump Administration quickly signaled shifting regulatory and enforcement priorities in the industry. The states are taking notice, with some announcing their intent to continue pursuing Biden-era enforcement policies notwithstanding the federal pullback.

Many observers viewed the Biden Administration as particularly active in the financial services space, with some perceiving its actions as unusually assertive or even excessive. Consumer advocates claim that the Consumer Financial Protection Bureau's ("CFPB") enforcement efforts under former Director Rohit Chopra resulted in over $6.2 billion in consumer recoveries and $3.2 billion in civil monetary penalties.[1] Several of the CFPB's 84 enforcement actions during this period were pursued in partnership with states. And just before leaving office, the CFPB's outgoing leadership actively encouraged states to continue these efforts, including by

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[1] Consumer Federation of America, Erin Witte, The CFPB's 2021-2025 Enforcement Legacy (Jan. 17, 2025), https://consumerfed.org/the-cfpbs-2021-2025-enforcement-legacy.