

# DOGE just sandbagged the Consumer Financial Protection Bureau

Article

**The news:** The [Consumer Financial Protection Bureau's](#) (CFPB's) new acting director, [Project 2025](#) architect Russell Vought, has already taken drastic measures to change the agency's course after President Donald Trump fired Director Rohit Chopra, per Banking Dive. This comes after [Elon Musk's new Department of Government Efficiency](#) (DOGE) set its sights on dismantling the agency.

**What this means for the agency:** CFPB employees were directed to stop all supervision, enforcement, rulemaking, investigations, and public communications. Final rules' effective dates were suspended.

Vought instructed employees to avoid performing any work-related activities—and to seek written approval from the agency's chief legal officer for any urgent matters, per Business Insider. Employees were locked out of the agency's headquarters, and Vought cut off new funding for the CFPB.

While [congressional action is required to dissolve the agency](#), Vought's measures have significantly weakened it. A federal employee union has already filed multiple lawsuits to block the shutdown, per CBS.

**What this means for banks:** The CFPB remains the primary regulator for nonbank lenders. Although there were some rules financial institutions (FIs) strongly disagreed with, the disabled agency leaves regulatory gaps that could hurt banks:

- The CFPB's absence could give FIs' nonbank competitors an unfair advantage and allow for unchecked predatory lending practices.
- Banks that have already spent resources preparing for upcoming CFPB rules—including the open banking rule—may be unsure whether to proceed.
- In the absence of federal oversight, state attorneys general and regulatory agencies may step in to fill the gap, potentially leading to inconsistent enforcement across jurisdictions.

Chief executive of the American Fintech Council Phil Goldfeder told Politico's Morning Money, "When you tear it all down, you potentially lose what had been good regulatory policy. ... When operated correctly and bereft of ideological drive, the CFPB could be a valuable tool for responsible regulation."

**Alleged conflict of interest:** Elon Musk just [struck a deal with Visa to offer a digital wallet and peer-to-peer payment service](#).

This raises questions about the advantages Musk will have as a competitor to banking and payments firms, especially with a newly weakened regulatory environment.

**Our take:** Even with the CFPB sidelined, FIs should act as if some of the [newer or proposed rules still apply](#), if only to maintain a competitive edge. By keeping fees low and prioritizing

transparency, for example, banks can attract customers who might otherwise be drawn to nonbank competitors.