

New CFPB Director Testifies on Agency Leadership and Enforcement Approach

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On February 27, new CFPB Director Jonathan McKernan [testified](#) before the Senate Banking Committee, emphasizing his commitment to enforcing the law while operating within the confines of the law. His testimony focused on his commitment to enforcing the law within the framework of the Dodd-Frank Act and maintaining the agency's core functions while exploring ways to enhance efficiency.

During his confirmation hearing, McKernan acknowledged that the CFPB director has the authority to adjust funding levels and streamline operations, which could impact staffing and enforcement priorities. When pressed by Democrats about potential external influence from outside groups or the White House, McKernan insisted that, if confirmed, he would be the one making decisions at the agency. He also pledged to maintain its complaint database and other required offices and functions.

Shortly before McKernan's hearing, the CFPB dismissed several enforcement actions, including [one](#) against a mortgage lender of manufactured housing (previously discussed [here](#)). These dismissals have prompted discussions about potential shifts in the agency's regulatory approach. Democratic senators used the hearing to question how these developments might align with McKernan's espoused leadership approach at the CFPB.

In response, McKernan stated that any enforcement decisions under his leadership would be based on legal merits and resource considerations, emphasizing his commitment to ensuring that regulatory actions remain within statutory mandates while fostering a balanced and fair approach.

Putting It Into Practice: McKernan's regulatory agenda, particularly his views on funding and enforcement policies, could lead to significant changes for financial institutions. The recent dismissal of multiple enforcement actions (previously discussed [here](#)) underscores the possibility of a shift in the Bureau's oversight priorities. Financial institutions should closely monitor these developments to assess how regulatory expectations and compliance obligations may evolve under McKernan's leadership.

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National Law Review, Volume XV, Number 59

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