Rural Communities Lose Critical Financial Protections: The Impact of the CFPB Shutdown

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Farmers and rural communities will face higher bank fees and predator lending as Trump admin. dismantles watchdog bureau

WASHINGTON, DC (February 28, 2025) – As the Trump administration caters to financial corporations' interests—at the expense of everyday Americans—the future of the Consumer Financial Protection Bureau (CFPB) is at risk. Created following the 2008 Great Recession, the CFPB has provided over $21 billion in refunds and cancelled debt to people harmed by financial companies. Nevertheless, CFPB's new Acting Director Russell Vought is swiftly dismantling this financial watchdog.

New reporting from the HEAL Food Alliance details the ways in which farmers and rural communities will face immediate economic harm without the CFPB's oversight of manufactured home lending, protection against predatory fees in areas with limited banking options, and data collection highlighting rural lending gaps. The halting of enforcement actions against companies targeting rural consumers and the suspension of rules against junk fees have created a protection vacuum at a time when rural families and small businesses most need financial safeguards.

"The CFPB has done so much to protect small farmers and rural communities over the years," said **Maleeka Manurasada, Organizing Director at HEAL Food Alliance**. "Trump and Musk's dismantling of the CFPB is extremely concerning and will have devastating impacts on small farmers, rural communities, and everyday people. Rural Americans are being left vulnerable to exploitation at a time when financial safeguards are most needed as communities struggle to make ends meet. We urge members of Congress to fight back and stand up for everyday people—not big banks and the wealthy few."

The report HERE highlights the following examples of what is at stake for rural America:

- **Fighting junk fees that harm rural consumers:** A CFPB rule would have saved consumers $5 billion annually (about $225 per household) by lowering most overdraft fees from $35 to $5. This protection against the largest lenders is particularly vital in rural areas where banking options are limited. Not only has implementation been paused, but Congress is now moving to overturn this rule through a joint resolution authored by Senator Tim Scott (SC) and Representative French Hill (AR).

- **Holding institutions accountable after hurricanes and fires:** Before the shutdown, CFPB teams were actively monitoring challenges people faced with financial institutions following Hurricanes Helene and Milton, and the LA County wildfires. This critical work has stopped completely, leaving no one to address financial issues emerging from the Appalachian floods that have occurred since the CFPB shutdown.

- **Tackling medical debt in rural communities.** Thanks to a rigged insurance system, CFPB research shows that rural consumers are more likely to have medical debt on their credit reports. In some areas, like rural South Carolina, an alarming 34% of consumers had medical debt collections on their credit reports. In January, the CFPB finalized a rule to remove medical debt from credit reports for lending decisions. Under the Trump Administration, work on this rule has stopped, and new leadership has refused to defend the rule against a lawsuit by industry trade groups.
- **Fighting banking deserts:** In the wake of mega-bank mergers, rural communities are losing bank branches in their communities. CFPB work to address emerging challenges such as access to cash, have come to a halt. And, the CFPB had just issued a new rule to ensure federal oversight over the largest payment apps to reduce fraud and protect personal data—critical for rural areas increasingly dependent on digital payments as physical banks disappear. This protection has not only stopped, but Republicans in Congress are working to overturn the rule entirely, leaving rural consumers with less protection for digital financial services.

- **Ensuring transparency in rural lending:** The CFPB was implementing a Congressionally-mandated data collection system for small business loans, including agricultural lending. This rule, set to take effect this summer, would have provided the first-ever spotlight on gaps in agricultural lending. The new CFPB leadership has halted this rule, leaving rural communities in the dark about credit access for local farms and businesses.

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The HEAL (Health, Environment, Agriculture, Labor) Food Alliance is a national multi-sector, multi-racial coalition. HEAL is led by its member-organizations, who represent about two million rural and urban farmers, ranchers, fishers, farm and food chain workers, Indigenous groups, scientists, public health advocates, policy experts, and community organizers united in their commitment to transformed food and farm systems.