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NCHER Statement on the CFPB's Field Hearing on Student Loan Servicing

Washington, DC (May 14, 2015) — At a field hearing this morning, the Consumer Financial Protection Bureau (CFPB) announced that it has launched a public inquiry into student loan servicing practices. The National Council of Higher Education Resources (NCHER) participated in today's event, representing the student loan servicing industry and provided comments and feedback on ideas to improve loan servicing to students and parent borrowers.

NCHER's President, James P. Bergeron, released the following statement upon the conclusion of the event:

Student loan servicing is an important function and the work of student loan servicers help millions of students, families, and borrowers repay their loans each year. Students and their parents expect, and should continue to receive, high-quality service from industry providers.

The current student loan servicing system is not broken. The industry has more than 100 years of expertise in providing important, high-quality services to students and parent borrowers through both federal and private education loan programs at minimal costs to the federal government. Recognizing that federal student loans are different from other consumer debt such as credit cards and mortgages because essentially anyone can take out a student loan without regard to their ability to repay and without collateral, it is inevitable that some problems will arise. Nonetheless, there are numerous repayment options available and our members strive to help borrowers take advantage of these features so they can stay in good standing.

NCHER believes that, while the problems within the financial aid system are serious, there are common sense solutions that everyone should embrace, including: more individualized and localized financial literacy and counseling, simplification of the numerous repayment plans, and reforms to the Telephone Consumer Protection Act to improve borrower communications.

Attached is the official testimony by NCHER's Senior Vice President Tim Fitzgibbon, which was given at today's hearing.

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The National Council of Higher Education Resources (NCHER) is a nonprofit trade association that represents a nationwide network of higher education assistance agencies that administer education programs that make grant and loan assistance available to students and parents to pay for the costs of postsecondary education. NCHER members provide higher education access, outreach, financial literacy, and counseling programs, and service Federal Direct Loans.