The House Financial Services Committee agreed Wednesday to ensure states can impose their own tough consumer protection laws against big banks, dealing a blow to a financial industry blamed for bringing down the U.S. economy and lobbying furiously against more government oversight.

The measure, approved by voice vote, would allow federal regulators to exempt national banks from state laws if those laws would "significantly interfere" with the bank's ability to do business. Otherwise, banks would be forced to comply with a myriad of state laws that are often tougher than federal laws, under the House plan.

The House panel was on track to approve by Thursday broader legislation that would create a Consumer Financial Protection Agency dedicated to monitoring such common financial products as credit cards and mortgages.

Wednesday's debate on the agency's scope was the latest tussle between lawmakers, who say they are working to protect the average American from abusive rate hikes and predatory lending, and a powerful financial lobby with deep pockets.

The financial industry has contributed more than $53 million this year to members of Congress and the political parties, with $6 million of that going to members of the House Financial Services Committee as of the end of July, according to the watchdog group Center for Responsive Politics.

The Chamber of Commerce has led the attack on the consumer protection agency. This summer it conducted a $2 million advertising and organizing campaign against the proposal and provoking President Barack Obama to criticize their tactics in a recent speech.

The industry was able to gain significant traction by arguing that the legislation — a centerpiece of Obama's plan to reform financial regulations — would hurt small neighborhood banks and local retailers.

The House committee, chaired by Rep. Barney Frank, D-Mass., responded by exempting retailers from agency oversight and voting to spare most banks from having to undergo additional agency examinations. Frank also dropped a requirement that financial institutions offer customers standardized, "plain vanilla" products because he said it would be too tough to enforce.

Banks also pushed hard to get lawmakers to drop Obama's plan to subject federally chartered banks to potentially tougher state consumer laws. They thought they had found a sympathetic ear with moderate Democrats, including Reps. Melissa Bean of Illinois and Ed Perlmutter of Colorado, who said unleashing 50 different sets of regulations on banks was impractical.

Democratic Reps. Melvin Watt of North Carolina and Dennis Moore of Kansas introduced Wednesday's amendment as a compromise because it would allow federal regulators to exempt banks from state laws on a case-by-case basis.

Bean was expected to try to revisit the issue on the House floor.

"Rolling back this 140-year-old precedent of federal rules to a system of 50 different state regimes increases costs for training and compliance, which gets passed to consumers," Bean said in a statement released ahead of Wednesday's vote.

Other lawmakers sought to carve out exemptions for industries popular in their districts.

Rep. John Campbell, a California Republican who spent almost 25 years in the automobile business before being elected, said the legislation should be clarified to ensure auto dealers are exempt from agency oversight. Frank has said they would be, although the panel will vote on Campbell's measure on Thursday.

Rep. Gwen Moore, a Democrat from Wisconsin with a major private mortgage insurer in her district, pushed through her measure to shield credit, mortgage and title insurers from agency regulations. The agency would still regulate lenders that provide those products to consumers.

Frank said he was open to tweaking the bill but wanted to keep exemptions to a minimum.

"If you're going to get at that minority of people who abuse (consumers), you have to have rules that apply to everybody," he said.

Also on Wednesday, the House Agriculture Committee approved separate legislation that would regulate privately traded derivatives, complex financial instruments blamed for contributing to last year's crisis. The proposal closely resembles legislation approved last week by the House Financial Services Committee.

In coming weeks, Democrats are expected to roll together the various regulatory reform proposals into a single bill to be voted on by the full House.

"The time has come for this committee to act," said Rep. Collin Peterson, D-Minn., who chairs the Agriculture Committee. "If this bill gets delayed too long, it risks becoming bogged down by the politics that often accompanies an election year."