



March 31, 2022

The Honorable Ed Perlmutter
Chairman
Subcommittee on Consumer Protection and
Financial Institutions
House Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Blaine Luetkemeyer
Ranking Member
Subcommittee on Consumer Protection and
Financial Institutions
House Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Perlmutter and Ranking Member Luetkemeyer,

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU) and the Credit Union National Association (CUNA), we write to you regarding the hearing entitled, "The End of Overdraft Fees? Examining the Movement to Eliminate the Fees Costing Consumers Billions." NAFCU and CUNA represent America's not-for-profit credit unions and their 130 million members.

Credit unions are member-owned financial cooperatives established "for the purpose of promoting thrift among [their] members and creating a source of credit for provident and productive purposes." Their presence can be found in every state and territory providing an array of banking services to their members, including deposit accounts, credit cards, and small dollar loans. Unlike for-profit financial institutions, credit unions return earnings to members in the form of lower interest rates on loans, higher interest on deposits, dividends, and lower fees. Credit unions have stepped in to serve their communities, especially underserved populations, opening branches in areas banks have deserted.

Overdraft protection is a service that allows a consumer to purchase goods in situations where the payment exceeds the consumer's available balance. In accordance with all relevant laws and regulations, a consumer has affirmatively opted-in to overdraft protection after receiving clear and conspicuous disclosures on the product and its costs. Credit unions offer responsible overdraft protection programs as a convenience to members, and members choosing to opt-in often do so for the peace-of-mind these programs provide.

While legislation limiting the availability of overdraft protection may be well intentioned, it remains critical for Congress to understand that hasty action usurping natural market trends would ultimately lead to less favorable outcomes for the consumers that use responsible overdraft programs. In the member-owned credit union context, arbitrary limitations on overdraft services would not only impact the members that use those services but also the credit union's entire membership.

Credit unions specifically design their programs with their members in mind and, as a result, there is substantial diversity in program features across institutions. Regardless of the specifics, credit unions are well-known to offer fair programs that are often coupled with initiatives intended to assist financially distressed members and provide greater resources to and investment in their communities. From financial counseling to generous fee waiver policies, these efforts support the best interest of the member and exemplify the pro-consumer nature of the credit union-member relationship.

Our associations strongly object to legislation intended to restrict the ability of credit unions to offer overdraft protection options that help members resolve short-term financial difficulties. Credit unions are committed to keeping their members from turning to the underregulated financial services market to meet



their liquidity needs. When fully in compliance with applicable laws and regulations, overdraft protection programs from traditional depository institutions serve as an accessible alternative to high-interest, predatory payday lenders or other underregulated creditors.

On behalf of our nation's credit unions and their 130 million members, thank you for the opportunity to share our thoughts ahead of the Committee's hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the end.

Jim Nussle
President & CEO
Credit Union National Association

A handwritten signature in black ink, appearing to read "B. Dan Berger". The signature is fluid and cursive, with a large loop at the end.

B. Dan Berger
President & CEO
National Association of Federally-Insured Credit Unions