



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

January 16, 2018

Darrin A. King
Paperwork Reduction Act Officer
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

RE: Response to Notice and Request for Comment on "Web-Based Quantitative Testing of Point of Sale/ATM (POS/ATM) Overdraft Disclosure Forms;" OMB Control Number 3170-XXXX; Docket Number CFPB-2017-0039

Dear Mr. King:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing in response to the Consumer Financial Protection Bureau's (CFPB) notice and request for comment on overdraft disclosure forms, in accordance with the *Paperwork Reduction Act of 1995* (PRA).

The notice explains that the Bureau will test and explore "consumer comprehension and decision-making in response to overdraft disclosure forms," and will look at financial product usage, behavioral traits, and other consumer experiences with overdraft programs. While NAFCU appreciates the opportunity to comment, this notice provides stakeholders with insufficient time to consider and respond to the proposed survey.

The initial notice and call for comments was published on November 15, 2017. It provided stakeholders with 60 days to review the information collection and submit feedback, pursuant to the requirements under the PRA. However, the initial publication did not include the proposed survey questions, nor did the Bureau remedy this omission until January 4, 2018, a mere 12 days before comments were due.

NAFCU strongly believes that such an abbreviated timeframe runs counter to the purpose and intent of the PRA, as 12 days does not provide stakeholders with nearly enough time to review the substance and form of the proposed survey questions to ascertain whether the PRA goals are met. Accordingly, NAFCU urges the CFPB to withdraw this request, or at minimum, extend the notice deadline so that stakeholders can provide useful feedback.

Credit Unions Offer Responsible Overdraft Products

As a general matter that is relevant to the Bureau's information collection request, credit unions are not-for-profit, cooperatively owned financial institutions that pride themselves on helping members improve their financial health. Because many members expect and rely on overdraft services, credit unions have developed responsible overdraft programs that are often coupled with free financial education and counseling services. In fact, according to a recent NAFCU survey of members, 86.4 percent of respondents offer some form of financial training to their members.

As a corollary of receiving financial education, research indicates that credit union members are well-versed about the benefits and uses of overdraft products. In another recent NAFCU survey, more than 97 percent of respondents indicated that the overall feedback from members was positive or neutral, with 9 out of 10 respondents explaining that misunderstandings among their membership occur only rarely or occasionally. This is further evidence that credit unions do an admirable job of explaining overdraft to their members.

The Bureau Should Not Infringe on Options, but Should Encourage Development of Products that Benefit Consumers

As the CFPB continues to examine overdraft programs, NAFCU cautions the Bureau against promulgating rules or implementing policy that would impede responsible overdraft programs offered by credit unions. While our members appreciate the Bureau's intention of protecting consumers from bad actors, NAFCU is concerned about the harm that the Bureau might unintentionally inflict by limiting access to these programs.

A better alternative would be to enable financial institutions to provide even more options and flexibility to consumers, depending on what their various needs are. Research has shown that consumers use overdraft for a myriad of reasons. Some rely on it for the occasional convenience of not having a transaction declined, whereas others routinely use it as a means to access immediate cash. For example, a recent survey by Pew found that three in four overdraft users had trouble paying monthly bills in the past year.

Rather than seek to limit or eliminate overdraft services, NAFCU believes that consumers would be better served if the Bureau provided the financial services industry with guidance and additional flexibility so that credit unions can create even more options that fit the various needs of their members, whether it be convenience or access to cash. To this end, NAFCU urges CFPB to collaborate with the National Credit Union Administration (NCUA) to craft an environment that encourages credit unions to serve the various needs of overdraft users.

Conclusion

NAFCU strongly supports informed consumer decisions, and we are encouraged by the fact that credit unions already act in a transparent manner with their members. While surveys can be useful tools in determining how credit unions can better serve and inform their members, the usefulness of the survey results is largely determined by the form and substance of the questions asked. NAFCU looks forward to reviewing the proposed survey questions and providing feedback on whether they will provide credit unions with helpful information to serve their members better. However, being allotted only 12 days to review the survey questions is insufficient. As noted above, NAFCU requests that the Bureau withdraw this information collection, or at minimum, extend the notice deadline so that stakeholders can provide useful feedback.

NAFCU and our members hope to be a resource for CFPB staff to share our insights and experiences of working closely with credit union members to provide needed overdraft services. Should you have any questions or would like to discuss these issues further, please contact me at (703) 842-2249 or memancipator@nafcu.org

Sincerely,



Michael Emancipator
Senior Regulatory Affairs Counsel