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**National Association of Federally-Insured Credit Unions**

November 8, 2019

Office of the Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G St. NW, Washington, DC 20552

RE: Request for Information Regarding Tech Sprints  
Docket No. CFPB-2019-0048

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to the Consumer Financial Protection Bureau's (CFPB or Bureau) request for information regarding Tech Sprints. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 118 million consumers with personal and small business financial service products. All credit unions stand to benefit from regulatory efforts to modernize and streamline supervisory processes—even those that are not directly supervised by the Bureau. For credit unions that fall within the Bureau's supervisory jurisdiction, reducing the length of exams and minimizing manual review processes could alleviate operational disruption.

While the specific questions posed by the Bureau are primarily focused on ways the agency can adopt technological solutions to address regulatory compliance burdens, a broader question of how to promote innovation underlies the request for information. NAFCU believes that innovation is more likely to occur in an environment where the Bureau's rules and policies are as much a part of the Tech Sprint workstream as the technological aspects of its supervisory processes. Fine-tuning data collections certainly represents a worthy endeavor, but such projects tend to circumnavigate the underlying regulatory pressures credit unions face. For example, reconsideration of the permanent transactional and institutional coverage thresholds for the *Home Mortgage Disclosure Act* (HMDA), would achieve more tangible relief than minor refinement of the HMDA submission platform. Likewise, reducing the amount of discretionary HMDA data points would also provide relief for credit unions that still rely on manual processes for reporting some of these elements.

One area where the Bureau might leverage technology to reduce supervisory burdens would be in the use of machine automated compliance checks. While the Bureau's internal use of machine learning has so far been limited to analysis of its consumer complaint database, there may be opportunities to reduce exam length and documentation by performing similar reviews of documents submitted by supervised financial institutions. Greater automation could also improve the objectivity of exam results.

The Bureau might also facilitate industry adoption of automated compliance systems by validating the use of AI to inform risk management decisions. Tech Sprints could also serve as a forum for understanding the role of AI in credit underwriting, how digital identities might be used to streamline Know Your Customer procedures, or how machine learning might improve rules engines for *Bank Secrecy Act* and anti-money laundering compliance.

Regardless of what direction the Bureau ultimately takes, NAFCU recommends that Tech Sprint work groups be inclusive of credit unions and their vendors. Tech Sprints should identify and promote technology optimizations that can be implemented at all Bureau-regulated institutions, not just the largest and most well-resourced firms. Often credit unions' ability to modernize or automate compliance systems depends on cooperation from their core provider and potentially other vendors. Accordingly, the Bureau should assemble working groups that represent a cross-section of financial sector stakeholders to ensure that technology enhancements can be reliably implemented by both institutions and core providers. To help achieve consensus and support from all relevant groups, the Bureau should operate Tech Sprints under a principle of technological neutrality.

NAFCU also recommends that the Bureau recognize that automation of compliance checks might have unintended consequences that could potentially thwart the Bureau's goal of promoting innovation in financial services. While NAFCU remains optimistic that supervisory technology will ultimately serve to reduce regulatory burdens, there is also the possibility that it may necessitate expensive operational changes, favor certain vendors over others, require compliance systems to conform to the Bureau's own, proprietary toolsets, or result in micromanagement of day-to-day decisions (which could occur if the Bureau develops API-based systems for monitoring compliance). In other words, reducing supervisory burdens should not entail less than desirable tradeoffs in terms of autonomy or operational flexibility.

Lastly, the Bureau should seek to include representatives from the National Credit Union Administration (NCUA) in Tech Sprints to promote broader understanding of potential supervisory optimizations. While the Bureau's supervisory priorities may differ from the NCUA's, technical enhancements to data collection processes or reconsideration of the Bureau's regulations could have broad applicability for credit unions—even those that are not directly examined by the CFPB.

NAFCU supports the Bureau's vision for Tech Sprints as a mechanism for reducing supervisory burdens through the application of technology. At the same time, we believe that Tech Sprint workstreams must encompass more than just the technical nuances of financial supervision; they must also address the substance of underlying regulations and their associated data collections. Most importantly, the Bureau must ensure that the Tech Sprints are inclusive of credit unions and their vendors to ensure that technology solutions can be adopted with reasonable ease at institutions of all sizes.

NAFCU appreciates the opportunity to comment on the Bureau's request for information. Should you have any questions or require additional information, please do not hesitate to contact me at (703) 842-2266 or [amorris@nafcu.org](mailto:amorris@nafcu.org).

Sincerely,



Andrew Morris  
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