



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**

March 11, 2020

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street S.W.  
Washington, D.C. 20554

**RE: In the Matter of Advanced Methods to Target and Eliminate Unlawful Robocalls (CG Docket No. 17-59) – North American Number Council Recommendations on Cost Funding and Fee Structure for Reassigned Numbers Database (DA 20-197)**

Dear Ms. Dortch:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in regard to the Federal Communications Commission's (FCC or Commission) Public Notice seeking comment on the North American Number Council Recommendations on Cost Funding and Fee Structure for Reassigned Numbers Database. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve nearly 120 million consumers with personal and small business financial service products. NAFCU would like to reiterate its support of the FCC's efforts to combat illegal robocalls and create a reassigned numbers database. Before adopting any recommendations, NAFCU encourages the FCC to provide an opportunity to comment on the appropriateness of a cost funding and fee structure when the FCC has meaningful information regarding the cost of the database. NAFCU further urges the FCC to exempt credit unions from the payment of fees for use of the database entirely, or, in the alternative, to reject the fee structure recommended by the North American Numbering Council (NANC) and adopt a fee structure that does not unfairly burden credit unions.

**Lack of Meaningful Information in NANC's Recommendation**

NAFCU has consistently submitted comments in support of the creation of a centralized database provided that the FCC conducted a rigorous study and analysis of the costs and benefits and concluded that it would result in greater economies of scale. In December 2018, the Commission adopted the Database Order, which established a reassigned numbers database overseen by an independent third-party administrator that will also administer the already consolidated North American Numbering Plan Administrator (NANPA) and Pooling Administrator (PA) functions under a single contract. Following its 2018 proposed rulemaking, the FCC found procuring a contract that consolidates the administration of the reassigned numbers database with the existing NANPA and PA systems would achieve the greatest operational and cost efficiencies. Although NAFCU continues to support the creation of a single database administered by the FCC, we

recognize that greater economies of scale may be realized by utilizing an already existing third-party administrator. Ultimately, NAFCU supports the option that most expeditiously establishes the reassigned numbers database and creates the greatest cost efficiencies, thereby limiting the cost to credit unions to use the database.

Unfortunately, NANC's recommendation does not appear to support the FCC's current approach as the product of a thorough analysis of the costs and benefits of such a database. The NANC recommendation makes it very clear that neither NANC nor the FCC have any data regarding the cost of such a database. It is unclear how the public is supposed to provide meaningful comment on the appropriateness of a funding and fee structure without any idea of the ultimate cost of the database being funded and paid for.

The recommendation indicates that a contract may be awarded in late summer of 2020. If NANC and the FCC do not currently have any substantive data regarding the cost of the database at this time, an additional Public Notice should be released once NANC's Request for Proposal has been issued and proposals have been received. That process should provide detailed cost information which would allow credit unions and other users of this database to provide real, meaningful comments on the appropriateness of the cost funding and fee structure for the database.

### **NANC's Proposed Fee Structure Disadvantages Smaller Users**

Access to the database should be affordable to institutions of all sizes. Credit unions have limited resources yet need to comply with the whole spectrum of applicable federal and state regulations, which requires an immense amount of dedication and hard work from credit union compliance officers. NANC's recommended fee structure requires an up-front, flat-rate amount paid for the year and provides for volume discounts for the largest users of the database, both of which disadvantage smaller users most in need of access to the information provided on a reassigned numbers database.

Requiring a single, up-front expenditure may bar smaller and less sophisticated credit unions from access to the database. Again, the FCC and NANC have provided no meaningful information regarding the estimated amount of that single, up-front expenditure, making it impossible to determine the degree to which credit unions may be excluded from use of the database. NANC's recommendation includes the creation of accounts with electronic payment capabilities. The FCC should permit credit unions to pay for actual usage on an as-you-go, per use basis, rather than an up-front, flat-rate fee.

Further, NANC provides no support or explanation for why it recommends a tiered structure that offers volume discounts for the largest users. This structure allows the largest organizations to obtain the best price for use of the database, while requiring smaller users, such as credit unions, to pay a higher fee per query. There is no indication this pricing structure is specifically created to artificially lower the price of access for the smallest users, or any data which might indicate what the actual cost of usage will be.

This kind of pricing structure can create unintended consequences which result in negative outcomes for consumers and limited access and use for institutions that are most in need of the database's benefits. For example, volume-based discounts related to guarantee fees paid to the government sponsored enterprises to sell mortgages onto the secondary market resulted in an oversaturation of mortgages originated by large institutions that were engaged in risky and predatory lending practices, culminating in the 2008 financial crisis. Here, it could become more cost-effective for some institutions to pay to outsource database queries to third-parties who are able to access volume discounts, potentially resulting in unnecessary delays in performing queries to the databases, a higher risk of errors in using the database, and an unnecessary cost to credit unions and other small institutions. It appears the pricing structure is solely intended to benefit the largest organizations and drive up-front, large dollar payments to offset the cost of the database at the expense of smaller, less sophisticated organizations.

NAFCU urges the FCC to establish a pricing structure that supports the end goal for the creation of a reassigned numbers database: consumer protection. Credit unions, as member-owned, not-for-profit, cooperative financial institutions, operate with their members' best interests in mind and seek to contact them with vital information regarding their accounts and services. As not-for-profit organizations, credit unions should be exempt from any fees to use the database. Credit unions are more sensitive to penalties and litigation costs than larger, more sophisticated organizations. As such, credit unions are most in need of the relief and assurance afforded by a reassigned numbers database. The fee structure recommended by NANC may prove cost prohibitive for many credit unions. This would not support the FCC's goal to protect consumers or provide reliable compliance tools for those organizations most in need.

## **Conclusion**

NAFCU appreciates the opportunity to comment on this Public Notice and supports the Commission's effort to create a reassigned numbers database. However, before adopting any recommendations, NAFCU encourages the FCC to provide an opportunity to review and comment on detailed cost funding and fee structure information once meaningful data is obtained. Further, NAFCU urges the FCC to exempt credit unions from paying any fees for use of the database, or in the alternative, to at least ensure that credit unions are not disadvantaged in the structure and payment of fees so they may take full advantage of the database. If you have any question or concerns, please do not hesitate to contact me at (703) 842-2272 or [elaberge@nafcu.org](mailto:elaberge@nafcu.org).

Sincerely,



Elizabeth M. Young LaBerge  
Senior Regulatory Counsel