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National Association of Federally-Insured Credit Unions

October 16, 2019

The Honorable Michael Crapo Chairman Committee on Banking, Housing & Urban Affairs United States Senate Washington, DC 20510	The Honorable Sherrod Brown Ranking Member Committee on Banking, Housing & Urban Affairs United States Senate Washington, DC 20510

Re: Tomorrow's Hearing on "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress"

I write today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in regard to tomorrow's hearing, "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress." 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. NAFCU appreciates the Committee's ongoing oversight of the Consumer Financial Protection Bureau (CFPB) and efforts to promote financial inclusion and consumer protection. As we have previously communicated to the Committee, there are some areas where we believe the structure and operations of the CFPB can be enhanced.

NAFCU supports CFPB Director Kathy Kraninger's efforts to provide financial institutions with regulatory certainty and targeted relief, while focusing the CFPB's efforts on bad actors. Credit unions have a long history of providing affordable and responsible financial services to their members and were not responsible for the predatory lending practices that led to the financial crisis. Nonetheless, the credit union industry has been greatly impacted from the onslaught of post-crisis financial regulation.

Since the enactment of the Dodd-Frank Act, over 1,500 federally-insured credit unions have been forced to close their doors or merge with other credit unions, which amounts to over 20 percent of the industry. A large majority of those credit unions that closed or merged were small in asset size, and as such, could not afford to comply with all the rules promulgated by the CFPB. NAFCU appreciates the CFPB undertaking a review of its rules, and hopes we will see more relief. Many credit unions cannot afford to comply with complex rules, and would otherwise be forced to stop offering services to members. Although the CFPB already provides for some exemptions based on an entity's asset size, NAFCU strongly believes that the CFPB can do more, such as increase the exemption threshold, or consider exemptions based on an institution's characteristics and activities. NAFCU asks that the Committee encourage to CFPB to utilize its authority in Section 1022 of the Dodd-Frank Act to provide targeted exemptions for credit unions while still ensuring its rules regulate bad actors.

Lastly, NAFCU has long held the position that, given the broad authority and awesome responsibility vested in the CFPB, a five-person commission leadership structure would provide consumers and regulated institutions alike more continuity in policymaking over the course of time.

We appreciate your leadership and ongoing focus on issues important to credit unions, and we look forward to continuing to work with you and Director Kraninger. Should you have any questions or require any additional information, please do not hesitate to contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at 703-842-2231.

Sincerely,

Brad Thaler

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Banking Committee