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B. Dan Berger
President & Chief Executive Officer

National Association of Federally-Insured Credit Unions

May 6, 2019

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20552

RE: Bureau Exemption Authority for Credit Unions

Dear Director Kraninger:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to a letter to you from the American Bankers Association (ABA) and the Consumer Bankers Association (CBA) dated May 3, 2019. In the ABA/CBA letter, they urge you not to use the exemption authority conferred upon the Consumer Financial Protection Bureau (CFPB) by the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act) to further exempt credit unions from CFPB rules or supervision.

NAFCU has consistently urged the CFPB to exercise its statutory exemption authority more effectively to exclude credit unions from burdensome regulations that are meant to target bad actors in the financial services industry, not member-owned, cooperative institutions that actually help their communities. It is not surprising that the trade associations that represent entities such as Wells Fargo would want the CFPB preoccupied with examining credit unions, while their member banks have continued to abuse consumers even after the enactment of the Dodd-Frank Act.

Just last year, the CFPB and the Office of the Controller of the Currency (OCC) jointly levied a $1 billion fine against Wells Fargo for abuses related to home and auto lending. This adds to a long list of banks that have seen massive fines for consumer protection violations in recent years:

- Citibank (2015, 2018) - $1+ billion
- Bank of America (2014) - $747 million
- SunTrust Bank (2014) - $550 million
- JPMorgan Chase (2013, 2015) - $515 million
- Capital One (2012) - $165 million
- Ally Bank (2013) - $98 million
- U.S. Bank (2014) - $53 million

If the ABA and CBA truly had consumer protection in mind, they would focus on preventing consumer abuses by their members instead of targeting member-owned not-for-profit credit unions.

The ABA/CBA are distorting the truth when they say returning supervision to the National Credit Union Administration (NCUA) would place credit unions outside of consumer rules. The NCUA would still have authority to implement and supervise for consumer protection. Additionally, there are a number of statutory consumer protections already built into the *Federal Credit Union Act* such as a usury ceiling and a guarantee of one-member, one-vote, regardless of the amount on deposit. We urge the CFPB to call on Congress to extend similar consumer protections to all financial institutions over $10 billion. We hope that the ABA and CBA, in their new-found consumer protectionism, will join us in supporting those statutory changes for their members.

Section 1022(b)(3) of the Dodd-Frank Act gives the CFPB authority to exempt by regulation any class of covered persons from provisions in Title X of the Act. Section 1025(b)(1) of the Dodd-Frank Act provides the CFPB with exclusive authority to supervise and examine credit unions with more than $10 billion in total assets and gives the CFPB the ability to delegate its examination and supervision functions to the NCUA. NAFCU has long urged the CFPB to use its authority under Section 1022 to exempt credit unions from both its enforcement and supervisory jurisdiction and future rulemakings that are likely to only impose additional burdens on credit unions.

To date, the CFPB has yet to exercise such authority. Although the credit union industry at large is doing well, the need for relief continues as new regulatory burdens have brought a wave of consolidation in the credit union industry. Since 2010, over 1,500 credit unions, or about 20 percent of the entire industry, have closed or merged with other credit unions. NAFCU and its member credit unions urge the CFPB to reevaluate its approach to this exemption authority and begin utilizing it to provide much-needed regulatory relief to credit unions. Credit unions have consistently demonstrated their commitment to consumers and helping their communities, most recently with their widely recognized efforts to help those affected by the government shutdown. Numerous credit unions offered 0% interest short-term loans, skip payments, and waived a number of fees to help their members, while a number of banks failed to offer assistance. This is just another example of credit unions focusing on consumers over profit, and why they are different from banks.

NAFCU appreciates your attention to this critical matter and looks forward to continuing to work with you to reduce regulatory burden on credit unions. If you have any questions or concerns, please do not hesitate to contact me or Ann Kossachev, NAFCU's Director of Regulatory Affairs, at akossachev@nafcu.org or (703) 842-2212.

Sincerely,

B. Dan Berger
President and CEO

cc: Members of the Senate Banking Committee
Members of the House Financial Services Committee