

April 26, 2022

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing, and
Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing, and
Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

On behalf of America's credit unions, we are writing about the hearing entitled, "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress." The Credit Union National Association (CUNA) and the state credit union leagues and associations (the leagues) represent America's credit unions and their more than 130 million members.

Credit unions work every day to advance their communities and improve their members' financial well-being. This work has proven especially essential during this unprecedented public health and economic crisis. Now more than ever, it is critical that the regulatory structure to which credit unions are subject enables them to continue meeting the diverse and evolving financial services needs of America's credit union members.

Open and transparent rulemaking is a key part of administrative process, but throughout the history of the CFPB, regulated entities and consumers have been subject to midnight press releases of upcoming rules; rulemaking based on incomplete data; and enforcement actions based on broad authority. In addition, the CFPB has tried to influence market behaviors in lieu of formal rulemaking. Credit unions support the CFPB protecting consumers and going after bad actors, but overall, we need stability in the marketplace to have the resources necessary to serve our members and innovate. We are concerned we are going down a road that will disrupt more than it will protect.

We encourage the Bureau to consistently engage industry stakeholders in its policy setting processes. It is impossible for the Bureau to fulfill its mission, "to make consumer financial markets work for consumers, responsible providers, and the economy as a whole," if its leadership does not take the time to hear the concerns and priorities of the entities subject to its rulemaking and supervision. Facilitating more opportunities for credit unions to provide input to the Bureau leadership directly will improve the Bureau's rulemaking and supervisory processes.

We remain concerned that the Bureau, throughout its history, has not effectively tailored its regulation to account for the disproportionate impact that one-size-fit-all rules have on financial cooperatives, such as credit unions and others smaller entities. Congress conveyed the Bureau substantial authority to exempt classes of entities from overly burdensome rules, and to date, the Bureau under Republican and Democratic leadership has not fully exercised this authority. This contributes to the rapid consolidation of depository institutions, undermining consumers of access and choice in the market.

The Bureau prides itself on being a data-driven agency. Unfortunately, several Bureau rulemakings lacked sufficient evidence, data, or research to substantiate the assertions within the rulemaking. As a guiding principle, the Bureau should always base its rulemakings on thorough data and research, especially credit union-specific information when the rulemaking affects credit unions. The Bureau should also be wholly transparent in its reliance on data, ensuring the public has access to the same information that the Bureau relies on as a foundation for its rulemakings.

The harm to consumers could be significant should the Bureau move hastily to limit services without fully engaging industry stakeholders, demonstrating an understanding of the products and how consumers use them, and considering the alternatives available as well as the potential for unintended consequences. As the Committee exercises its oversight of the Bureau, we encourage you to press the Director on these concerns.

Finally, we believe the time is now to re-examine the structure of the CFPB, and we renew our call on Congress to enact legislation to establish a multi member bipartisan commission to lead the agency, as originally proposed by former President Obama. The concept of such a commission has enjoyed support from Democrats and Republicans throughout the Bureau's history and preferable to the current structure that subjects the Bureau's rulemaking, supervision and enforcement activities to the political winds. A commission would enhance consumer protection by ensuring that diverse perspectives are considered prior to finalizing rules and prevent disruptions caused by leadership changes. Credit union members and other consumers would benefit from transparent policymaking that includes more voices. This structure is consistent with the traditions of our democracy and would provide certainty that is essential for consumers and the financial services industry, regardless of which political party controls the White House.

Conclusion

On behalf of America's credit unions and their 130 million members, thank you for holding this important hearing and for considering our views. We look forward to collaborating with Congress and the Bureau to protect and improve the financial well-being of all consumers.

Sincerely,

Credit Union National Association
American Association of Credit Union Leagues
Alabama Credit Union Association
Alaska Credit Union League
Arkansas Credit Union Association - a political division of Cornerstone League
Association of Vermont Credit Unions
California Credit Union League
Carolinas Credit Union League – North Carolina
Carolinas Credit Union League – South Carolina
Credit Union Association of New Mexico
CrossState Credit Union Association
Dakota Credit Union Association

Delaware's Credit Unions - Cooperative Credit Union Association
Florida Credit Union Association
Georgia Credit Union Association
Hawaii Credit Union League
Heartland Credit Union Association – Kansas
Heartland Credit Union Association – Missouri
Illinois Credit Union System
Indiana Credit Union League
Iowa Credit Union League
Kentucky Credit Union League
Louisiana Credit Union League
Maine Credit Union League
Maryland and DC Credit Union Association
Massachusetts' Credit Unions - Cooperative Credit Union Association
Michigan Credit Union League
Minnesota Credit Union Network
Mississippi Credit Union Association
Montana's Credit Unions
Mountain West Credit Union Association - Arizona
Mountain West Credit Union Association – Colorado
Mountain West Credit Union Association - Wyoming
Nebraska Credit Union League and Affiliates
Nevada Credit Union League
New Hampshire's Credit Unions - Cooperative Credit Union Association
New York Credit Union Association
Northwest Credit Union Association – Idaho
Northwest Credit Union Association – Oregon
Northwest Credit Union Association – Washington
Ohio Credit Union League
Oklahoma Credit Union Association - a political division of Cornerstone League
Rhode Island's Credit Unions - Cooperative Credit Union Association
Tennessee Credit Union League
Texas Credit Union Association - a political division of Cornerstone League
The Credit Union League of Connecticut Inc
Utah's Credit Unions
Virginia Credit Union League
West Virginia Credit Union League
Wisconsin Credit Union League