



CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) REFORM

NAFCU opposes the CFPB's examination and enforcement authority over credit unions, given they were not responsible for the financial crisis and are more highly regulated than any other financial depository institution. NAFCU also strongly supports legislative improvements to change the structure of the CFPB from an unaccountable single director to a bipartisan commission and to require the Bureau to go through the Congressional appropriations process to increase accountability and transparency.

94% of credit unions say Congress should reform the CFPB*

AREAS OF CONCERN

- **Questions of Constitutionality:** The CFPB's single-director structure has already been ruled unconstitutional and the Bureau's funding structure is currently under question. NAFCU urges Congress to act now to enact reforms to rein in the Bureau's unchecked powers and funding mechanism. Such action would provide stability to financial institutions in terms of regulation and oversight.
- **Mischaracterization of "Junk Fees":** NAFCU opposes the CFPB's misguided attack on financial services fees and its blanket "junk fees" label to describe fees, including credit card late fees and overdraft protections, that are already subject to comprehensive laws and clearly disclosed to consumers.
- **Small Business Lending Data Collection (Section 1071):** Credit unions' participation in small business lending is restricted by regulatory and legislative burdens already and the CFPB's section 1071 rulemaking will further stifle credit unions' small business lending.
- **Consumer Data Sharing (Section 1033):** NAFCU cautions against restricting credit unions' ability to negotiate the terms of data sharing agreements in order to protect consumers from data security risks and fraud.
- **UDAAP:** As credit unions devote more resources to UDAAP compliance due to unclear standards and unpredictability of enforcement, NAFCU urges Congress to require the CFPB to establish clear rules via formal guidance and policy statements, as well as provide examples of the specific factual basis for violations.
- **Electronic Fund Transfer Act (Regulation E):** NAFCU asks Congress to consider revisions to the EFTA and a clear error resolution mechanism that ensures nonbank parties are accountable for resolving a dispute and responsive to investigations where Regulation E responsibilities are shared between the provider and the credit union. Instead of issuing new interpretations of Regulation E or its commentary, NAFCU recommends the CFPB focus on investigating technologies and solutions that can help prevent fraud before it occurs and providing consumer education to protect consumers from various forms of financial fraud.
- **Larger Participant Authority:** The CFPB should use its authority under the Dodd-Frank Act to oversee a grossly under-regulated industry of fintech companies that offer consumers a wide array of products and services. The longer these companies go unchecked, the greater the risk of consumers facing a significant loss or violation of their rights.

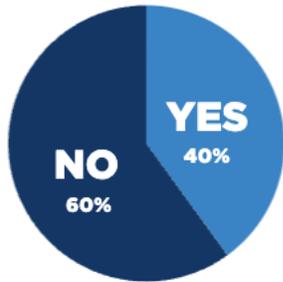
* NAFCU collected survey responses from member credit unions July 25-Aug. 3, 2023, on the CFPB's efforts. See more results at nafcu.org/cfpb-war-on-main-street.

SURVEY SAYS: CFPB IS INEFFECTIVE, NEEDS REFORM

Credit unions – large, mid-size, and small – overwhelmingly agree: The CFPB is not meeting its statutory mission to protect and educate consumers and should be reformed by Congress.

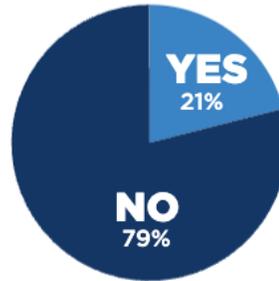
CONSUMERS AREN'T BETTER OFF

Does the CFPB act with consumers' best interests in mind?

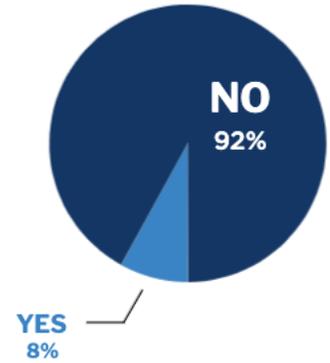


ENFORCEMENT ISN'T EFFECTIVE

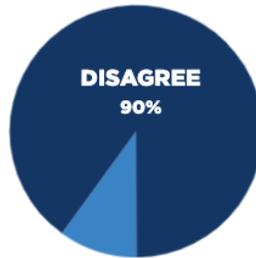
Do the CFPB's actions against bad actors deter others from engaging in similar practices?



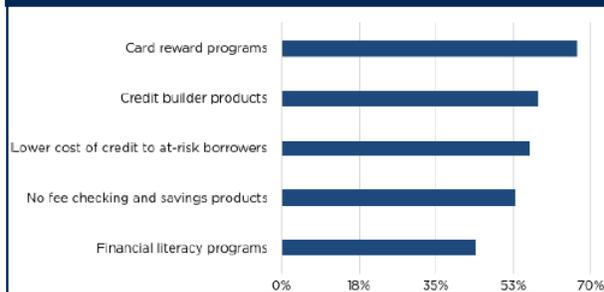
Has the CFPB contributed to a more level playing field between credit unions and nonbank entities?



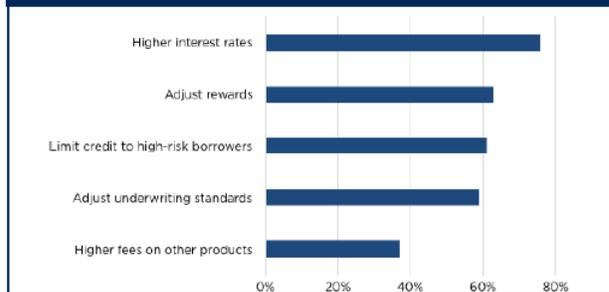
Recent efforts by the CFPB to fight so-called junk fees and curb late payments have been well explained and understood by our consumers.



HOW IS REVENUE GENERATED FROM CREDIT CARD FEES USED BY YOUR CREDIT UNION?



HOW WOULD YOUR CREDIT UNION RESPOND TO AN \$8 CAP ON LATE FEES?



Credit union responses to NAFCU's March 2023 Economic & CU Monitor survey on credit card late fees.