Healthy Regulatory Environment for Credit Unions

NAFCU believes a healthy and appropriate regulatory environment is important for credit unions to thrive. History has shown that a robust and thriving credit union industry is good for our nation's economy, as credit unions provide much-needed financial services to consumers and small businesses that might not be available from other institutions.

NAFCU supports some basic tenets of a healthy and appropriate regulatory environment:

NAFCU supports a regulatory environment that allows credit unions to grow. NAFCU believes that there must be a regulatory environment that neither stifles innovation nor discourages credit unions from providing consumers and small businesses with access to credit. This includes the ability of credit unions to establish healthy fields of membership that are not limited by outdated laws or regulatory red tape. It also includes modernized capital standards for credit unions that reflect the realities of the 21st century financial marketplace.

NAFCU supports appropriate, tailored regulation for credit unions and relief from growing regulatory burdens. Credit unions are swamped by an ever-changing regulatory burden from the Bureau of Consumer Financial Protection, often from rules that are targeting bad actors and not community institutions. NAFCU supports cost-benefit analysis in regulation, and wants to ensure that there is an effective regulatory environment where positive regulations may be easily implemented and negative ones may be quickly eliminated. NAFCU also believes that enforcement orders from regulators should not take the place of regulation or agency guidance to provide clear rules of the road.

NAFCU supports a fair playing field. NAFCU believes that credit unions should have as many opportunities as banks and non-regulated entities to provide provident credit to our nations' consumers. NAFCU wants to ensure that all similarly situated depositories follow the same rules of the road and unregulated entities, such as payday lenders, do not escape oversight. We also believe that there should be a federal regulatory structure for non-bank financial service providers that do not have a prudential regulator, including emerging fintech companies.

NAFCU supports transparency and independent oversight. NAFCU believes regulators need to be transparent in their actions, with the opportunity for public input, and should respect possible different viewpoints. We believe a bipartisan commission structure is the best form of regulatory governance for independent agencies, and all stakeholders should be able to have input into the regulatory process.

NAFCU supports a strong, independent NCUA as the primary regulator for credit unions. NAFCU believes that the National Credit Union Administration (NCUA) is best situated with the knowledge and expertise to regulate credit unions due to their unique nature. The current structure of the NCUA, including a three-person board, has a track record of success. The NCUA should be the sole regulator for credit unions and work with other regulators on joint rulemaking when appropriate. Congress should make sure that the NCUA has the tools and powers that it needs to effectively regulate the industry.

You can read more about these tenets and the need for credit union regulatory relief at www.nafcu.org/regrelief.

NAFCU Ask: We urge Representatives and Senators to support legislation that advances a healthy regulatory environment for credit unions. This includes supporting and cosponsoring regulatory relief bills and working with NAFCU and credit unions to introduce additional regulatory relief measures that will help credit unions and their 114 million members.

NAFCU
National Association of Federally-Insured Credit Unions