



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

July 24, 2019

The Honorable Stephen Lynch
Chairman
Task Force on Financial Technology
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable French Hill
Ranking Member
Task Force on Financial Technology
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Re: Tomorrow's Hearing, "Examining the Use of Alternative Data in Underwriting and Credit Scoring to Expand Access to Credit"

Dear Chairman Lynch and Ranking Member Hill:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) ahead of tomorrow's hearing on "Examining the Use of Alternative Data in Underwriting and Credit Scoring to Expand Access to Credit." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 117 million consumers with personal and small business financial service products.

NAFCU is supportive of innovation in the marketplace that maintains an inclusive, safe, and strong financial ecosystem. NAFCU and its member credit unions have long advocated for the use of alternative models that accurately acknowledge creditworthy borrowers and permit affordable credit access. By nature of credit unions' unique relationship with their members, credit unions have no incentive to exclude members from access to products and services, and regulators should permit institutions to continue to use these relationship-based alternative data sources in their lending decisions.

However, NAFCU believes that innovations must be responsible. Congress and regulators must ensure that when fintechs compete with financial institutions, they do so on a level playing field where smart regulations and consumer protections apply to all actors. As we have learned from the many recent data breaches, fintech companies that specialize in lending, payments, or data aggregation are a target for hackers and present data protection concerns. While depository institutions have for decades complied with a national standard on data security since the passage of the *Gramm-Leach-Bliley Act*, other entities who handle consumer financial data do not have such a national standard and oversight.

Thank you for your attention to this issue, and we stand ready to work with the Task Force as you continue to examine this important topic. Should you have any questions or require any additional information, please contact me at mvirkus@nafcu.org or 703-842-2261.

Sincerely,

Max Virkus
Associate Director, Legislative Affairs

cc: Members of the House Financial Services Committee