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National Association of Federally-Insured Credit Unions

July 29, 2019

The Honorable Michael Crapo
Chairman
Committee on Banking, Housing
& Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing
& Urban Affairs
United States Senate
Washington, DC 20510

Re: Tomorrow's Hearing, "Examining Regulatory Frameworks for Digital Currencies and Blockchain"

Dear Chairman Crapo and Ranking Member Brown:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) ahead of tomorrow's hearing on "Examining Regulatory Frameworks for Digital Currencies and Blockchain" to thank you for examining this important area. 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 system. Such innovation can present opportunities for credit unions, but it must also be appropriately regulated in areas ranging from the *Bank Secrecy Act* and Anti-Money Laundering to data security. As we have learned from recent data breaches, 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 that handle consumer financial data do not have such a mandated standard. Congress and regulators must ensure that when companies offering digital currencies compete with financial institutions, they do so on a level playing field where tested regulations and consumer protections apply to all actors. It is clear that digital assets can pose unique risks in certain contexts and regulators must be equipped, with suitable Congressional oversight, to provide supervision over these markets to protect consumers and our economy.

Thank you for your attention to this issue, and we stand ready to work with the Committee 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 Senate Banking Committee