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National Association of Federally-Insured Credit Unions

B. Dan Berger
President & Chief Executive Officer

June 11, 2021

Mr. Richard R. Jones
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-05116

RE: Credit Union CECL Implementation Roundtable

Dear Chairman Jones:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I would like to urge the Financial Accounting Standards Board (FASB) on behalf of the nation's credit unions, to conduct a roundtable with credit unions and other small financial institutions to discuss the impacts of the adoption of the current expected credit losses (CECL) accounting methodology. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 124 million consumers with personal and small business financial service products. Notwithstanding concerns regarding the appropriateness of the CECL methodology for credit unions, our members would appreciate an opportunity to discuss their current implementation efforts and the operational challenges and unique difficulties credit unions will face in adopting this standard.

NAFCU and its members appreciate the FASB's significant efforts to coordinate with the National Credit Union Administration (NCUA) and to gather feedback on CECL implementation through individual outreach, conference attendance, and other convenings. However, the FASB has not yet held a forum that brings FASB together with smaller preparers, practitioners, users, other regulators. Discussion opportunities thus far have included larger financial institutions who have already adopted CECL, and the discussion has focused on issues surrounding those financial institution's current use of CECL, to the exclusion or minimization of discussions of the impact of future implementation on smaller financial institutions such as credit unions.

Credit unions differ from larger financial institutions in a variety of ways, including the industry's record of prudent fiscal management before and after the financial crisis, limited complexity, and structure as not-for-profit, member-owned cooperatives. Credit unions therefore offer a unique perspective on the challenges involved in implementing CECL for financial institutions of their size. CECL implementation requires credit unions to assess trade-offs in the selection of a loss estimate methodology, which can be difficult to determine. The CECL standard will lead to increased compliance costs, both in dollars and staff time. Additionally, credit unions will need to plan for CECL's impact on capital, as any corresponding increase in loss reserves will have a

Financial Accounting Standards Board

June 11, 2021

Page 2 of 2

proportionate impact on net worth. These issues alone are cause for concern, and they have been exacerbated by the occurrence of a global pandemic that has placed further stress on credit unions.

These concerns from NAFCU members deserve a separate forum to hear from and be heard by the FASB staff. We urge you to convene a credit union and small financial institution-focused roundtable. Thank you for your consideration and we look forward to working with you to arrange this discussion. If we can answer any questions or provide you with additional information on this issue, please do not hesitate to contact me or James Akin, Regulatory Affairs Counsel, at 703-842-2268 or jakin@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Dan Berger". The signature is stylized and cursive, with a large initial "B" and "D".

B. Dan Berger
President and CEO