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National Association of Federally-Insured Credit Unions

July 2, 2020

Mr. Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Joint Ownership Share Accounts (RIN 3133-AF11)

Dear Mr. Poliquin:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to the National Credit Union Administration's (NCUA) notice of proposed rulemaking regarding joint ownership share accounts. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 120 million consumers with personal and small business financial service products. NAFCU appreciates the NCUA's leadership in providing this targeted, regulatory relief. NAFCU members are supportive of the proposal and ask that the NCUA continue to provide examples of account information and evidence that may utilize under the alternative method and ensure that credit unions may use the alternative method for all current members.

General Comments

Given the current challenges credit unions have faced during the COVID-19 pandemic, any regulatory relief, regardless of how large the impact, is appreciated. Credit unions have had to re-allocate significant resources to survive during these uncertain times, often re-inventing basic operations to continue to provide exceptional member service. Although this proposal suggests a minor change, it provides immense regulatory assistance. NAFCU appreciates the NCUA's Office of General Counsel reviewing part 745 of the NCUA's regulations as part of the 2020 review to provide meaningful and targeted regulatory relief. NAFCU has long sought, and continues to advocate for, streamlined NCUA regulations and this proposal is a prime example.

NAFCU Members Generally Support the Proposal

In general, NAFCU members support the alternative method to satisfy the account signature or membership card requirements for purposes of insurance coverage by the National Credit Union Share Insurance Fund (NCUSIF or SIF). NAFCU asks that the NCUA promptly provide additional examples of account information that may be used and ensure that credit unions may utilize this alternative method regardless of the physical card's whereabouts.

This alternative method allows credit unions flexibility while also providing a mechanism for reliable account ownership specific to each credit union. NAFCU members appreciate the proposal's flexibility in terms of allowing the alternative method to take any form. Flexibility regarding form mirrors the NCUA's intent in implementing section 745.8 by not requiring any format for an account signature or membership card. Minimal examples were included in the proposal as to what account information may be used as evidence, and although NAFCU members appreciate the agency not limiting the scope, it would be helpful to continue to provide examples of what information can be used as new technologies are developed and utilized by credit unions.

Moreover, NAFCU members appreciate the NCUA's longstanding position that this requirement may be satisfied electronically as consistent with the *Electronic Signatures in Global and National Commerce (E-SIGN)* Act. Not only is this an important position at a time when credit unions are operating remotely and adhering to local ordinances regarding social distancing, but also as members' preferences adjust to utilizing more digital and online banking tools. The need to conduct banking transactions and obtain account documentation electronically is necessary now more than ever.

NAFCU members report that they will utilize the proposed alternative method to satisfy the account signature or membership card requirement. Much of the information currently existing in account records and files could qualify for use under the proposed alternative method. This includes debit cards, account coding and notes as it pertains to joint use of an account. Credit unions will likely not have to invest in new systems or technology to take advantage of the alternative method. The alternative method may save credit unions time and money in terms of satisfying the requirements of section 745.8 without tracking down a member to get a physical card if unable to locate one on file. Many members have been associated with their credit union since its inception and NAFCU members report that the alternative method will be most beneficial in ensuring current members have an account signature or membership card on file. NAFCU asks the NCUA to ensure that credit unions may use the alternative method for all members, regardless of the physical cards' whereabouts. The alternative method enhances the overall member experience.

NAFCU members also appreciate that the proposal provides parity between credit unions and banks. It is imperative that confidence in the credit union system continues and that equal access to both insurance programs exists. Parity ensures credit unions can remain competitive in the marketplace. As you are aware, credit unions face numerous competitors in the marketplace; according to NAFCU's *2019 Federal Reserve Meeting Survey*, respondents reported increasing competitive pressure from all sectors, including large banks, community banks, and fintech firms. Competitive pressures continue to increase year over year. Thus, it is imperative that parity such as the kind provided in this proposal is contemplated across the regulatory spectrum.

Conclusion

NAFCU appreciates the opportunity to share its members' views on this matter. This proposal will provide meaningful and targeted regulatory relief for credit unions. NAFCU asks that the NCUA

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provide examples of account information and evidence that may utilize under the alternative method and ensure that credit unions may use the alternative method for all current members. Should you have any questions or require additional information, please do not hesitate to contact me at (703) 842-2249 or kschafer@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Kaley Schafer". The signature is fluid and cursive, with the first name "Kaley" being more prominent than the last name "Schafer".

Kaley Schafer
Regulatory Affairs Counsel