



**America's
Credit Unions**

January 9, 2024

The Honorable Tanya Otsuka
Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Board Member Otsuka:

On behalf of America's Credit Unions, I am writing today to send my sincerest congratulations to you on your successful confirmation to the Board of the National Credit Union Administration ("NCUA"). America's Credit Unions and our members look forward to working with you in your capacity as a Board Member, and we are eager to serve as a resource for you. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their nearly 140 million members nationwide. Below are issues important to our member credit unions that we would like to ensure you are aware of as you begin your work on the Board.

Issues Important to Credit Unions

We are excited to work with you in your new role during a period of relative strength and health of the credit union system. This is due in no small part to the disciplined efforts of our nation's credit unions. It is also a result of the collaborative relationship between the industry and the NCUA. We appreciate the willingness of the Board under Chairman Harper's leadership to engage with credit unions to identify and reduce unnecessary regulatory burden where possible.

In working together with the agency, we have made great strides; however there remain numerous challenges that continue the pressure on credit unions' ability to serve their members. We urge you to consider addressing the issues outlined below as soon as reasonably practicable. For your further review, we have attached the letter we sent to the Senate Committee on Banking, Housing, and Urban Development prior to your nomination hearing that goes into greater detail on these and others critical issues.

Unique to credit unions, chartering and field of membership ("FOM") restrictions continue to hamper the ability to reach and help new consumers, especially those in underserved areas. While the Federal Credit Union ("FCU") Act establishes the FOM foundation, there are actions the Board can take to provide greater flexibility. The federal charter must keep pace with changes in state laws, technology, and the services and practices of an increasingly digital financial services industry. To that end, the NCUA must take every regulatory opportunity to streamline and simplify FOM requirements and support common-sense legislative changes to ensure the long-term health and survival of America's credit unions.

The Board recently approved the NCUA's 2024 budget. We appreciate the improvements, albeit minimal, from the draft budget following industry input. Given that the NCUA is funded by regulated credit unions and their members—not by taxpayers—it is critical that the agency give appropriate weight to input provided by the industry and make meaningful changes to the NCUA's draft budgets based on that feedback. In exchange for funding the NCUA and the Share Insurance Fund, credit unions deserve transparency regarding the proposed uses of those critical dollars. We are hopeful that, as a new member of the NCUA Board, you will commit to prudent stewardship of the credit union member resources put in the agency's trust.

Another area of recent focus by the Board relates to consumer compliance examinations. The recently approved 2024 budget includes a number of new examiners, including those specifically focused on consumer compliance issues. Credit unions exist to serve their members and are already subject to consumer protection examinations from the NCUA, their state regulator, or the Consumer Financial Protection Bureau ("CFPB"). Thus, they need no additional incentives to do what is right to protect their members. We urge the agency to refrain from needlessly increasing its focus and expenditure of resources on activity related to consumer protection without sufficient reason to do so. Altering the agency's risk-focused examination process and substantially increasing consumer examination-related expenditures to establish a mini-CFPB within the NCUA is simply not warranted.

In addition to existing regulatory hurdles, there are areas where credit union competition with others in the financial services space is further constrained by a lack of guidance and/or authority. To address some of these constraints, the agency's recently established Office of Financial Technology and Access ("OFTA") has the opportunity to pursue regulatory initiatives aimed at enhancing credit unions' ability to compete with fintechs, banks, and other non-depository financial institutions. To ensure the viability of the credit union industry, we urge you to work closely with OFTA and any other relevant agency offices to address a range of issues, from the basic need for guidance allowing credit unions to offer custodial services for digital assets to the much more challenging issue of holistically assessing the fintech space with an eye toward facilitating credit union innovation. In the ever-evolving financial landscape, the adaptability and innovation of credit unions are paramount to effectively addressing the diverse needs of consumers and staying competitive.

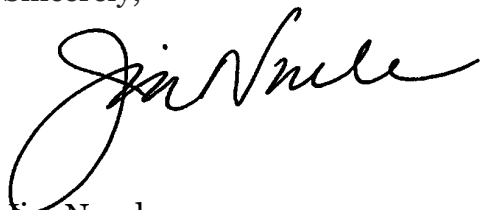
Lastly, we emphasize the importance of the NCUA's continued coordination with other federal regulatory agencies. As the prudential regulator and federal insurer, the NCUA retains oversight over the vast majority of a credit union's operations. However, there are other agencies that examine and/or regulate credit union operations, such as the CFPB regarding most consumer financial protection laws and regulations. It is critical that the Board work closely with all agencies affecting credit union operations.

National Credit Union Administration
January 9, 2024
Page 3 of 3

Conclusion

On behalf of America's Credit Unions, congratulations on your confirmation and we look forward to working with you to ensure America's federally-insured credit unions can continue to meet the needs of their members. We would welcome the opportunity to meet with you and your staff in the coming weeks.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large initial "J" and "N".

Jim Nussle
President & CEO

Enclosure