NASCUS
National Association of State Credit Union Supervisors

February 24, 2017

The Hon. Jeb Hensarling
Chairman, House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Re: Anticipated revisions to the Financial CHOICE Act

Dear Chairman Hensarling:

The National Association of State Credit Union Supervisors (NASCUS) would like to take this time to reiterate our support for increasing the number of NCUA Board members as enumerated under the Financial CHOICE Act. It is our understanding that a memorandum is currently being reviewed by the House Financial Services Committee leadership that reflects a number of revisions to the original provisions of the Act including a recommendation that the NCUA Board consist of three members instead of five.

In our July 2016 correspondence to your office, we noted that increasing the number of NCUA Board members has been a long-championed goal of NASCUS. From our perspective, such a fundamental change in the NCUA's leadership structure would enhance the Board's deliberative process, expand its collective expertise and improve the efficient administration of NCUA's business.

Whether the NCUA board is comprised of five or three members, we believe it is important to designate an individual with state credit union regulatory experience to the NCUA Board to ensure a diversity of voices and supervisory experience. In particular, we believe that the appointment of a state supervisor to the NCUA Board would result in the prudent reduction of regulatory burden on local institutions. The NCUA Board is charged with ensuring the safe, sound and effective administration of the credit union share insurance fund. NCUA has dual roles as the chartering and supervisory authority for federally chartered and state chartered credit unions. These dual roles create an inherent conflict of interest that can, if not checked, favor federal credit unions over state credit unions. State supervisory authorities are charged with both safety and soundness of state chartered credit unions, as well as fostering economic growth in local communities. This twin mission tends to make state regulators more sensitive to regulatory burdens that hinder healthy business and economic growth. Notably, state chartered credit unions hold nearly 50% of all assets of U.S. credit unions—the state system's voice and interests should be represented at the NCUA Board table. Designating a seat for a state credit union regulator to the NCUA Board will encourage broader, more robust discussion and will bolster NCUA's accountability to all of its stakeholders including the state credit union system.

NASCUS would like to thank you for your continued focus on regulatory relief and would welcome an opportunity to provide additional context and recommendations where needed. We believe we can provide important and informative feedback regarding the impact of federal regulations on the state credit union system and would be more than happy to schedule a meeting with your office for additional discussion.

Best regards,

Lucy Ito
President and CEO
National Association of State Credit Union Supervisors (NASCUS)
Arlington, VA

cc: The Hon. J. Mark McWatters, chairman, National Credit Union Administration Board
The Hon. Rick Metsger, member, National Credit Union Administration Board