



August 3, 2022

The Honorable Mark Warner  
United States Senate  
703 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Warner:

We are contacting you on behalf of Virginia's credit unions regarding the bill you have co-sponsored, S. 4698, Improving Cybersecurity of Credit Unions Act. The Virginia Credit Union League represents the 109 member-owned not-for-profit credit unions across the Commonwealth and their more than 15 million members.

The Virginia Credit Union League and our membership remain opposed to allowing the National Credit Union Administration (NCUA) third-party examination authority. For the better part of the last two decades, the NCUA has exercised very effective regulation of Credit Union Service Organizations (CUSOs) and third-party vendors without this authority.

Presently, the agency has virtually limitless authority to request information regarding CUSOs from the credit union owners of the CUSO; and the agency has broad authority to adjust the due diligence expectations credit unions must satisfy when engaging third-party vendors. Today, the agency has the authority to get whatever information it might want regarding third parties from the credit unions it supervises. As we have reiterated in the past, we are concerned that extending additional supervisory authority to the NCUA could result in broad regulatory overreach.

Though the NCUA has requested this authority for several years, the agency has still not developed a clear vision of the scope of this authority or how it would be implemented. The legislation, while framed towards cybersecurity, grants unlimited authority and also specifies that credit unions must notify the NCUA of vendor relationships within 30 days of establishing the relationship. It is impossible to calculate the potential impact it would have on credit union operations and whether it would lead to third-party vendors increasing the costs credit unions pay for their services.

We appreciate your support of a strong credit union system. The National Credit Union Administration under the leadership of Chairman Todd Harper, Vice Chairman Kyle Hauptman, and Board Member Rodney Hood also support a strong credit union system. We remain unconvinced though that additional authority would lead to increased safety and soundness, but only increase the agency's budget- even with hearings in place- and place further financial and regulatory strain on credit unions.

We thank you for your support of Virginia's credit unions and urge further consideration of this issue. Should you have any questions regarding our concerns please do not hesitate to reach out to me.

Sincerely,

Carrie R. Hunt  
President/CEO  
Virginia Credit Union League

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