



April 11, 2022

Comment Intake—Fee Assessment Consumer Financial Protection Bureau 1700 G Street NW
Washington, DC 20552

RE: Request for Information Regarding Fees Imposed by Providers of Consumer Financial Products or Services (Docket No. CFPB-2022-0003)

Dear Director Chopra:

On behalf of the Virginia Credit Union League which represents Virginia's 109 member-owned not-for-profit credit unions and their 15 million members, I am writing regarding the Consumer Financial Protection Bureau's request for information on "Junk Fees." We have a vibrant financial system in our country, which continues to provide consumers products and services that seek to meet their needs: a safe place to save and store their funds; a place to facilitate the movement of their funds for payment of goods and services; a place to acquire money when credit is needed or desired. In large part, these needs are met by depository institutions- both banks and credit unions. For some, the needs of consumers are met by in part by intermediaries such as Western Union, who wire funds from one person to another, or entities that have emerged in the marketplace to provide the provision of the movement of money from one person or business to another.

Hands down, credit unions provide the best service, products, and services for American consumers. Credit unions were founded with the purpose of promoting thrift and providing provident credit. As not-for-profit financial cooperatives, any earnings a credit union acquires are reinvested into the credit union and distributed amongst its members by providing lower rates on loans, increased dividends, and reduced fees. Credit unions remain member owned, allowing one vote per member regardless of their means. They continue to exist to serve their members, putting people over profit, while providing the best products and services available in the marketplace.

In the financial services space, fees are heavily regulated: prepayment penalties; credit card late charges and service fees; remittances; and deposit account disclosures are just a few of the areas where there is regulation. This request for information is a very broad appeal for comments regarding "junk fees." It is concerning that all fees, including fees charged by credit unions, are lumped into this overly simplified characterization.

Fees are Not Inherently "Junk Fees"

Credit unions have any number of fees for their services, and study after study show, their fees are lower than for-profit banks and certainly non-depository businesses. When a credit union has a variety of product offerings, it makes sense to attach a fee to certain products and services if those services are not needed by the entire membership, or even by delivery method. The alternative would be to attempt to build the cost of doing business completely into the cost of credit. This would not benefit the entire credit union membership.

Fee alternatives should take into consumer convenience and preferences

Recently, there has been a renewed debate over overdraft protection services and fees associated with them. Consistently, credit unions hear from their members that they want and need this service. Overdraft protection services were created to allow consumers the ability to access funds where the cost of a transaction exceeds their current account balance. As required by law, users of overdraft protection must actively opt-in to the service. In most cases, overdraft protection is utilized by members to allow them access to essential goods or services when faced with an unexpected financial emergency or other cash shortfall, thus allowing a member's transaction to go through even if funds are not available in their account. While some institutions have eliminated overdraft programs and absorb those costs, the vast majority are keeping their programs intact because they suit the wants and needs of the membership. Fee based programs can be a positive for consumers who benefit from the service.

Institutions with fewer economies of scale cannot absorb all costs of doing business into the cost of credit

The Virginia Credit Union League has concerns that the CFPB is attempting to move the financial service market towards a regime where all fees are included in the cost of credit. We believe this major market shift should require significant study, and ultimately would have a negative impact on credit unions and their members. We appreciate that the CFPB is looking out to protect consumers from abuse, but we urge the agency to look at other industries with a history of consumer abuse, rather than credit unions.

Virginia's credit unions stand united in opposition to any federal or state legislation, or regulation which intentionally or unintentionally restricts credit unions' ability to provide safe and fair services to their members. Credit unions pride themselves on being partners, true committed partners in their members' well-being. We appreciate the CFPB's focus on protecting consumers, and we look forward to continuing to work with the CFPB to protect consumers from bad actors.

Sincerely,



Carrie R. Hunt
President/CEO