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DEFENSE CREDIT UNION COUNCIL

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Anthony R. Hernandez
President/CEO

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The Honorable Russell T. Vought
Director
Office of Management and Budget
725 17th St., NW
Washington, DC 20503

Dear Director Vought,

I am writing on behalf of the Defense Credit Union Council (DCUC) and the broader credit union community to respectfully request the reinstatement of the Consumer Financial Protection Bureau's Credit Union Advisory Council (CUAC). As DCUC's President and Chief Executive Officer, and as someone deeply committed to ensuring the voices of America's credit unions are heard in policy deliberations, I believe restoring the CUAC is vital for effective consumer financial protection and for informing government of credit union priorities.

Importance of the Credit Union Advisory Council: The CUAC has historically provided a *critical forum* for credit unions to share their on-the-ground expertise with CFPB leadership. This council offered unique insights into how regulations affect over **144 million Americans** who rely on credit unions for financial services. Eliminating this council **removed an essential channel for dialogue** between credit unions and regulators. In the past, even when credit union input wasn't always heeded, the existence of the CUAC ensured that policymakers heard directly from institutions that **prioritize people over profit** in their mission. Without this advisory council, an important communication bridge between credit unions and the government has been lost. Reinstating the CUAC would immediately restore that bridge, allowing credit union voices to be heard on critical consumer financial issues.

The Need for Credit Union Voices in Policy: Credit unions occupy a special niche in our financial system – we are not-for-profit, member-owned institutions focused on consumer well-being and community service. Our perspective is distinct from that of for-profit banks, yet it is too often underrepresented in Washington. In fact, as I have noted previously, **every administration, Republican or Democrat, tends to have many former bank executives and supporters in key positions** (Treasury, FDIC, OCC, etc.), which naturally breeds greater familiarity with the banking industry. This makes it all the more critical to intentionally incorporate credit union perspectives. The CUAC was one important way to achieve balance – a direct line for credit unions to share how policies impact ordinary Americans, including military families, veterans, and others we serve.

Removing the CUAC has closed a direct communication channel that is crucial, especially when many lawmakers are far more familiar with banks than with credit unions. Simply put, without a formal advisory council, policymakers risk overlooking the unique needs and differences of credit unions. We believe *reinstating the CUAC will ensure our members' voices are heard at all levels of government*, and that credit union priorities are understood when consumer financial regulations are crafted.

Credit Unions' Proven Commitment to Consumers: The value of credit union input is backed by our track record. Even during the period when the CUAC was inactive, credit unions never wavered in serving their communities – in fact, **during recent federal government shutdowns, credit unions stepped up to provide zero-interest relief loans, waive fees, and offer financial counseling** to military families and furloughed federal employees. We did this voluntarily, to help consumers weather financial storms. These actions underscore that credit unions have an unwavering commitment to consumer financial health, especially in times of crisis. Our experiences from the field – from helping servicemembers avoid predatory lending to educating young members about savings – give us practical insights that can greatly inform the CFPB's work.

A reinstated CUAC would allow us to share real-world data and examples like these directly with CFPB and administration officials. This kind of input can lead to more nuanced, effective regulations that protect consumers while accounting for the cooperative, member-focused model of credit unions. In short, **credit unions have been "a lifeline" to consumers in hard times, and those lessons learned should be shared with those crafting policy**. Restoring the council will facilitate that crucial knowledge-sharing.

Addressing Cost and Efficiency Concerns: We understand that the original decision to dissolve the CUAC at the start of the administration was part of a broader effort to streamline government and "trim the size of government bureaucracy". There may have been concerns about the cost or necessity of maintaining advisory committees. However, the **costs of operating the CUAC are minimal** – especially relative to its benefits – and can be mitigated. In fact, when the CFPB previously disbanded its advisory boards in 2018, members noted that **they had been told the group's size made meetings too expensive, yet no one asked whether members would cover their own expenses**. Credit union representatives are more than willing to **pay for their travel and accommodations** to attend meetings if that is an issue.

Furthermore, DCUC stands ready to **help underwrite or defray the administrative costs of running the CUAC** so that its operation would *not* burden the Bureau's budget. Our offer includes covering logistical expenses for meetings and leveraging technology (such as virtual meeting platforms) to reduce costs. In essence, **we are prepared to ensure that the advisory council operates at **no net cost to the government**. With this commitment, we hope to eliminate any fiscal concern that might hinder the council's reinstatement. The goal is to foster collaboration and communication, not to create expense or bureaucracy.

Benefits of Reinstating the CUAC: Bringing back the Credit Union Advisory Council would yield immediate and long-term advantages:

- **Better Policy Outcomes:** Regulators would receive timely feedback on how proposed rules or enforcement actions impact credit union members at the grassroots level. This feedback can help avoid unintended consequences and craft regulations that protect consumers without stifling the affordable services credit unions provide.

- **Enhanced Communication:** The CUAC's meetings and reports serve as a formal conduit for information exchange. This ensures that **Washington hears directly from institutions putting consumers first**, complementing the input they get from banks and other stakeholders. It also helps credit unions understand regulatory priorities straight from CFPB leadership, improving compliance and cooperation.

- **Representation of All Communities:** Credit unions often serve communities that are underserved by traditional banks – including military bases, rural areas, and underserved urban neighborhoods. Through the CUAC, these communities' financial service needs and challenges can be voiced to federal policymakers. This aligns with the Bureau's mandate to protect *all* consumers, including those served by member-owned cooperatives.

- **Cross-Government Insight:** While housed at the CFPB, the CUAC's insights can inform the broader government as well. When appropriate, the Council's advice could be shared with other agencies or Congress, ensuring **credit union priorities are considered across the government** when consumer finance issues are discussed. This advisory body can thus act as a resource for the entire administration in understanding the credit union sector's role in the financial ecosystem.

In light of these points, we **strongly recommend the reinstatement of the CFPB's Credit Union Advisory Council** as soon as possible. We respectfully ask that you use your position and influence to support reversing the executive order provision that disbanded the CUAC or otherwise facilitate the chartering of a new Credit Union Advisory Council. Such an action would send a powerful signal that this administration values *all* perspectives in consumer finance – including those of not-for-profit member-owned institutions.

Please know that the Defense Credit Union Council and our member credit unions are fully prepared to assist in re-establishing this council. We can help identify highly qualified credit union leaders to serve on the CUAC, ensure diversity of representation, and as noted, **even cover the operational costs** to make the Council viable. Our sole interest is to **open the lines of communication** once again so that, as policies are developed, the unique insights of credit unions are at the table – *before* decisions are made. As our DCUC team has emphasized, it was **"unfortunate the council has been done away with,"** and we earnestly **hope to keep the door open for communication with all levels of government** on behalf of credit unions. Reinstating the CUAC would definitively keep that door open.

Thank you for considering this request. We appreciate the administration's focus on efficient governance, and we believe this advisory council aligns with that goal by improving the quality of regulation through collaboration. DCUC and the entire credit union community stand ready to work with you, the CFPB, and others to reinstate the Credit Union Advisory Council and to ensure it operates effectively and cost-efficiently. We would welcome the opportunity to discuss this matter further or provide any additional information you may need.

Sincerely,

ANTHONY R. HERNANDEZ, Colonel, USAF (Ret)
President & CEO
Defense Credit Union Council