



July 1, 2019

Staff Attorney
Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: ICUL Comments on Overdraft Rule Review Docket No: CFPB-2019-0023

Dear Staff Attorney;

The Indiana Credit Union League (ICUL) appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB) Overdraft Rule Review Pursuant to the Regulatory Flexibility Act. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.5 million consumers.

The overdraft rule is another example of a one-size-fits all regulatory approach that was intended to address concerns with how a few entities were approaching overdraft services utilizing procedures that maximized the fee income to the institution to the detriment of the consumer. ICUL member credit unions were not utilizing these egregious procedures, yet they are included in the compliance requirements of the overdraft rule. As member owned, not-for-profit cooperatives, credit unions approach service delivery from a "what is best for our members" philosophy. The majority of credit unions counsel members on how to avoid overdraft fees. They do not formulate schemes to trick members into paying them. We do not believe that further regulation is needed for overdraft programs. We encourage the CFPB to approach this process with the intent of reducing the regulatory burden on smaller institutions, not to increase it.

As the CFPB reviews the Overdraft Rule, one issue that needs to be addressed is the inability of an institution to charge an overdraft fee for one-time debit card and ATM transactions when the consumer has not opted in as it applies to transactions where the institution did not have the opportunity to approve or decline prior to it posting to the consumer's account. For example, debit card transactions that are signature rather than PIN-based do not require approval by the financial institution at the time of the purchase. These non-approved transactions are still processed by the financial institution and may very well result in an overdraft. Since the institution did not have the opportunity to approve or decline these transactions, the institution should not have to bear the brunt of the costs related to these overdrafts or the challenges to recoup the negative balances that result. Credit unions and other financial institutions already absorb the costs associated with debit card fraud that occurs at the merchant. Not allowing the institution to collect any type of fee on transactions not approved prior to the purchase being completed compounds the potential losses for the institution.

We also ask the CFPB to review the disclosure requirements related to overdraft programs for one-time debit card and ATM transactions. As currently written, the Overdraft Rule requires an initial disclosure for the member to opt in for the service, and then a follow-up disclosure to the member confirming they opted in. We do not believe that the confirmation disclosure is necessary. For smaller institutions such as credit unions, these disclosure requirements add an unnecessary layer of costs to the institution. Also, requiring that these notices be separate from any other communication with the consumer is an additional expense, and adds unnecessary complexity to this service that many members have found to be a valuable resource in lieu of other alternatives such as payday lenders.

Thank you for the opportunity to comment on the CFPB's Overdraft Rule Review. We appreciate the CFPB's consideration of the potential impact the Overdraft Rule may have on smaller institutions, of which the vast majority of credit unions would be classified. If you have any questions regarding our comment letter, please contact me at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive style with a large, stylized initial "J".

John McKenzie
President
Indiana Credit Union League