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December 27, 2018

The Honorable Kathleen L. Kraninger
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Re: Request for Information Regarding Bureau Data Collections [Docket No. CFPB-2018-0031]

Dear Director Kraninger:

The Credit Union National Association (CUNA) represents America's credit unions and their 100 million members. On behalf of our members, we are writing in response to the Consumer Financial Protection Bureau's (CFPB or Bureau) request for information (RFI) regarding Data Collections. CUNA commends the Bureau for its proactive solicitation of feedback from stakeholders through the issuance of 13 requests for information over the course of 2018. The Bureau's efforts to improve upon and bring transparency to its internal processes and procedures, especially those related to sources and uses of data, through a public comment process is a welcome change from past practices.

General Comments

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) permits the CFPB "to gather information from time to time regarding the organization, business conduct, markets, and activities of covered persons and service providers"¹ by using various methods, including requiring credit unions and other entities to file information as requested under certain conditions. Although the Bureau's authority to collect certain data is clear, CUNA still has concerns regarding the Bureau's data collection, retention, and dissemination policies as well as the resulting obligations and burdens that may fall on credit unions and others involved in data exchange and management efforts.

In addition, in an era when data breaches are repeatedly occurring against merchants and even state and federal governments, CUNA believes the Bureau's data collection efforts related to credit cards, mortgages, and many other vital financial products could create

¹ 12 U.S. Code § 5512(c)(4)(a).

additional exposure for consumers to identity theft and/or fraud. CUNA recommends, given the heightened risk of unnecessary data collections, the Bureau aim to only conduct data collections of sensitive financial information when necessary, in as narrow a scope as permissible, and while undertaking significant data security precautions.

The Bureau should consider other regulators' data collections prior to engaging in any new potentially-duplicative data collections.

CUNA has minimal objections to the Bureau accessing information from other governmental agencies, especially those already conducting legal and necessary data collections as part of their agency's regular business. As a matter of practice, CUNA believes the Bureau should first consider data already being reported and collected by other governmental agencies prior to engaging in any new data collections that would ultimately burden credit unions. Fully considering whether data collected during the process of examinations and other regulatory activities would meet the Bureau's needs should go a long way towards reducing the likelihood of duplicative and redundant data collection efforts.

The Bureau should ensure the data it collects is adequately secured and credit union members' privacy is protected.

Credit unions have significant concerns about overly broad, redundant, or duplicative collections of consumers' financial data, especially regarding data that could be used in ways not intended by the Dodd-Frank Act. While CUNA recognizes that, as a general practice, data is usually aggregated and made anonymous by the Bureau before being shared with the public, still, much of the data collected includes personally identifiable information (PII). This is especially true of data collected from consumer complaints via the complaint database and from examinations of regulated entities. This raw data of consumer's information must be stored in an especially secure, highly encrypted manner. In the current environment, often it is not a question of whether an entity will or will not get attacked, but when and a significant breach of the Bureau's raw data would be disruptive to both consumers, financial institutions, and markets. As a result, CUNA urges the CFPB to proactively adopt vigorous security and redaction procedures for the collected and disseminated data and to evaluate the effectiveness of these procedures on an ongoing basis.

Consider credit unions' unique place in the market when evaluating data related to the entire consumer financial service sector.

In general, the more diverse the data considered during the rulemaking process the better informed the Bureau will be with its regulatory decisions. With that in mind, CUNA recommends the Bureau adopt standards and practices designed to ensure decisions are based on a variety of reliable data sources. In addition, the Bureau should ensure data

collected is used to conduct regular and robust cost-benefit analyses prior to creating new regulatory requirements.

CUNA believes the Bureau should always to consider all readily-available data prior to making decisions, especially data specifically relevant to community-based financial institutions. In the past, the Bureau obtained data specific to the study of big banks and other bad actors and used that data to justify the application of burdensome regulatory requirements to small community banks and credit unions. The one-size-fits-all approach to data evaluation is too cumbersome and often results in negative consequences for consumers. The Bureau should attempt to fully consider data that is appropriate to the sector its attempting to regulate.

Conclusion

On behalf of America's credit unions, thank you for the opportunity to share our views regarding the Bureau's sources and uses of data. If you have questions or require additional information related to our feedback, please do not hesitate to contact me at (202) 508-3629 or amonterrubio@cuna.coop.

Sincerely,

Alexander Monterrubio
Senior Director of Advocacy & Counsel