



Jim Nussle
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September 24, 2018

Representative Barry Loudermilk
House of Representatives
Washington, D.C. 20515

Dear Representative Loudermilk:

On behalf of America's credit unions, I am writing in support of the Financial Reporting Threshold Modernization Act. The Credit Union National Association (CUNA) represents America's credit unions and their 110 million members.

Credit unions are not-for-profit financial cooperatives, established to promote thrift and provide access to credit for provident purposes. Over 40 percent of the credit unions operating in the U.S. hold assets under \$40 million, with nearly three-quarters of the industry holding less than \$100 million in assets. Further, nearly half of all credit unions have fewer than five full-time employees, at least two of whom are devoted to compliance functions—much of which is occupied by BSA compliance.

Enacted in 1970, the Bank Secrecy Act dollar amount reporting thresholds—which compel financial institutions to launch investigations into whether a specific transaction is indeed suspicious—have been updated to reflect inflation, monetary/consumer/social trends a total of ZERO times since. Indeed, in 1970, few ordinary consumer financial transactions exceeded \$10,000—the current (and original 1970-designed) trigger for financial institutions to file Currency Transaction Reports.

Nearly half a century later, however, the retail sticker price of even the most basic automobile exceeds \$10,000, meaning credit unions engaged in the business of providing cooperative credit vehicle loans to member-owners need to investigate and fulfill burdensome paperwork requirements to inform the government of what they already know to be not suspicious activity—diverting resources from the business of lending and also obscuring actual suspicious financial activity from law enforcement. This bill would provide much-needed and long-overdue relief for financial institutions by increasing the 1970-set threshold of \$10,000 to \$30,000 (significantly less than the near \$70,000 the threshold would be if adjusted for real inflation.) Additionally, the legislation would increase the dollar amount thresholds for filing Suspicious Activity Reports (SARs) from \$5,000 to \$10,000 and \$2,000 to \$3,000, respectively.

CUNA appreciates the goal of this legislation to narrowly tailor when and how reports of suspicious financial activity are triggered to reduce low-value reporting while maintaining financial inclusion.

While CUNA supports the objectives of laws and regulations to combat illicit financing, the current regime negatively impedes the ability of credit unions to engage in ordinary lending and consumer finance, while also serving to inundate law enforcement with informational paperwork on transactions that credit union employees know to be legitimate, but for the legal requirement to file reports. This is burdensome and unwieldy and dilutes the intent of the Bank Secrecy Act. CUNA strongly supports this legislation, which will provide long-overdue modernization.

On behalf of America's credit unions and their 110 million members, thank you for introducing this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the beginning and end.

Jim Nussle
President & CEO