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July 17, 2018

The Honorable Paul Ryan
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

On behalf of America's credit unions and their 110 million members, I am writing in support of Title XVII of the House Amendment to S. 488, the JOBS and Investor Confidence Act of 2018, which would delay the risk-based capital rule recently finalized by the National Credit Union Administration (NCUA). Thank you for your leadership on this matter.

Credit unions throughout the United States have expressed their significant concerns regarding the NCUA's risk-based capital standards for credit unions. Specifically, many of these concerns pertain to whether NCUA has legal authority to impose the requirements. In addition, credit unions have a particular concern with risk-based capital standards for the purpose of determining whether a credit union is well-capitalized as the Federal Credit Union Act permits the NCUA to impose a risk-based standard for the purpose of determining capital adequacy only.

Credit unions also have significant concern with the additional regulatory burden imposed by these standards, and question whether the cost is justified. Our analysis shows that it would have done very little to reduce costs to the National Credit Union Share Insurance Fund (NCUSIF) had it been in effect during the most recent financial crisis. The current Prompt Corrective Action (PCA) system served very well during that crisis, with relatively few credit union failures. If a goal of a PCA scheme is for covered institutions to hold sufficient capital to withstand a severe financial crisis without imperiling the deposit insurance fund, credit unions' performance during the recent financial crisis stands as compelling evidence that a major overhaul of current credit union capital requirements toward a Basel-style system is simply not required.

The risk-based capital rule continues to be a solution in search of a problem. On behalf of America's credit unions and their 110 million members, thank you for your time and leadership on this issue.

Sincerely,

A handwritten signature in black ink that reads "Jim Nussle".

Jim Nussle
President & CEO