

January 31, 2019

The Honorable Barry Loudermilk
U. S. House of Representatives
Washington, D.C. 20515

Dear Representative Loudermilk:

On behalf of America's credit unions, I am writing in support of H.R. 388, "To update thresholds for certain currency transaction reports and suspicious activity reports, and for other purposes." The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

The dollar amount reporting thresholds contained in the Bank Secrecy Act have not been updated since the law was first enacted in 1970. In the nearly fifty years that have since passed, the \$10,000 established as a reporting threshold under the law has become the buying power equivalent of more than \$66,000—according to the Consumer Pricing Index's Inflation Calculator provided by the Bureau of Labor and Statistics.

The failure to modernize the reporting thresholds in light of inflation has led to the imposition of an unnecessary compliance burden on many credit unions due to the obligation to collect and report nonsuspicious information. For example, credit unions play a significant role in providing credit for automobile purchases. Today, the retail sticker price of even the most basic automobile exceeds \$10,000. As a result, credit unions engaged in the business of providing cooperative credit vehicle loans to member-owners, a generally unsuspecting activity, are required to investigate and fulfill burdensome paperwork requirements to inform the government of what they already know to be not suspicious activity. The result is diverted resources from the business of lending and from law enforcement who could be spending their time reviewing reports on actual suspicious financial activity.

Credit unions are not-for-profit financial cooperatives, established to promote thrift and provide access to credit for provident purposes. More than half of credit unions operating in the U.S. hold assets under \$33 million, with nearly three-quarters of the industry holding less than \$100 million in assets. Further, over 40% of all credit unions have fewer than five full-time employees, and an average of one in five employees is devoted to compliance functions—much of which is occupied by BSA compliance. This bill, if enacted, would provide much-needed relief for financial institutions by increasing the 1970-set threshold of \$10,000 to \$30,000. The legislation would also 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 115 million members, thank you for introducing this important legislation.

Sincerely,



Jim Nussle
President & CEO