Credit Union National Association
CUNA

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The Honorable Brad Sherman
Chairman
Committee on Financial Services
Subcommittee on Investor Protection,
Entrepreneurship, and Capital Markets
House of Representatives
Washington, DC 20515

The Honorable Bill Huizenga
Ranking Member
Committee on Financial Services
Subcommittee on Investor Protection,
Entrepreneurship, and Capital Markets
House of Representatives
Washington, DC 20515

Dear Chairman Sherman and Ranking Member Huizenga,

On behalf of America's credit unions, thank you for holding the hearing "An Examination of the Financial Accounting Standards Board and the Public Company Accounting Oversight Board." The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

The Financial Accounting Standards Board's (FASB) current expected credit losses (CECL) standard will have a significant impact not only on covered financial institutions but also consumers and the broader economy.

CUNA continues to maintain its longstanding position that application of CECL to credit unions is inappropriate since CECL is intended to address delayed recognition of credit losses resulting in insufficient funding of the allowance accounts of certain covered entities. Underfunding of allowance accounts has not generally been an issue for credit unions. Further, the typical user of a credit union's financial statements is not a public investor—such as with large, public banks—but instead is the credit union's prudential regulator, the National Credit Union Administration.

With that said, we understand and support the independence of the FASB and the extent of Congress' role in setting accounting standards. And, we urge Congress to utilize the authority it does have in order to improve CECL, or at a minimum, ensure there is sufficient, relevant information regarding CECL's impact from which future decisions can be made.

For these reasons, we also urge Congress to take up H.R. 3182, the CECL Consumer Impact and Study Bill of 2019, authored by Representatives Gonzalez and Budd. This legislation would delay implementation of CECL to study its potential impact and allow consideration of other less harmful methods. One of the concerning results we anticipate a quantitative impact study on CECL will show is the tightening of available consumer credit. In fact, a recent CUNA survey of our membership found that nearly one in five credit union respondents expect CECL to negatively impact credit union members' ability to obtain credit.

In addition, we would urge the Committee to strongly encourage FASB collaborate with federal and state credit union regulators in a manner similar to the collaboration the FASB intends to have with the Conference of State Banking Supervisors.

On behalf of America's credit unions and their 115 million members, thank you for the opportunity to share our views.

Sincerely,

Jim Nussle
President & CEO