Credit Union National Association
CUNA

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March 18, 2020

The Honorable Jerome H. Powell,
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Chairman Powell:

On behalf of America's credit unions, I am writing to ask the Board of Governors of the Federal Reserve System (Board) to take steps to provide relief to credit unions and other depository institutions from the Regulation D transaction limit. The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

Covid-19 has presented the credit union industry with an unprecedented challenge. Nonetheless, CUNA is confident that our members will be able to deliver necessary financial services to credit union members throughout the pandemic. The Board has taken several steps since the start of crisis to boost the economy and to ensure that the system has adequate liquidity, but most of these efforts do not provide help for individual challenges facing consumers. Providing relief from the Regulation D transfer limit would make it easier for credit unions to give members access to their funds.

Regulation D Monthly Transfer Limit

Regulation D is a federal regulation which places certain limits on the number of transfers or withdrawals consumers—including credit union members—can make from their savings accounts. The purpose of Regulation D is to regulate the level of reserves a financial institution maintains. The required reserve amount for each financial institution is based on the balances it has in its transactional accounts, such as checking or draft accounts. Specifically, § 204.2(d) of the Board's Regulation D establishes a limit of six transfers per month from a consumer's savings (or money market) account when made by various "convenient" methods. Once a consumer has reached his or her Regulation D withdrawal or transfer limit, funds can no longer be electronically transferred from their affected savings account. The Regulation D transfer limit can affect a consumer's ability to move funds. After the sixth withdrawal or transfer, the only way to access funds is in person or by using an ATM.

Further, the Regulation D transfer limit can affect a consumer's overdraft protection. After the sixth electronic withdrawal or transfer, a consumer's savings account will no longer be available for further overdraft protection. Therefore, debit card transactions that attempt to draw from savings accounts when there are insufficient funds in checking and draft—beyond the six permitted each month—will be denied, unless other forms of overdraft are set up on the account.

As credit unions and other financial institutions take steps to protect employees and consumers' health through the delivery of financial services by electronic means, Regulation D becomes an even larger barrier to the smooth and seamless delivery of financial services. With federal, state and local governments urging Americans to stay home and limit contact with others, making transfers by phone or through mobile banking applications is the safest way to access funds and yet these methods count against the transfer limit. Penalizing Americans being asked to stay home for conducting banking transactions in the safest manner is poor public policy and should be changed immediately.

Therefore, the Board should eliminate, either temporarily or permanently, the Regulation D transfer limit. We believe such threshold is arbitrary, antiquated, unnecessary and now possibly a barrier to consumers accessing their funds from home. We urge the Board to make a change soon to make it easier for Americans to access their funds.

We appreciate the hard work that the Board and its staff are doing to protect the economy, and credit unions look forward to helping their members through this tough time.

Sincerely,

Jim Nussle
President & CEO

CC: Chairman Rodney Hood, National Credit Union Administration