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Chief Counsel's Office, Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW., suite 3E-218
Washington, DC 20219

Re: Docket ID OCC-2019- 0028

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments to the Office of the Comptroller of the Currency in response to the advance notice of proposed rulemaking regarding national bank and federal savings associations' digital activities. CUNA represents America's credit unions and their 115 million members.

Credit unions and banks have long leveraged innovation to provide financial services to Americans. These innovations have grown out of the desire and need to provide necessary financial services to consumers while meeting a plethora of regulatory requirements designed to protect consumers and to ensure broad access to financial services. Continued innovation by financial institutions and their partners will lead to greater access and more responsive products.

We realize that many other businesses offer some products or services that consumers commonly obtain from financial institutions. Generally, credit unions welcome competition as competitors from the tech world or other industries offering similar products help to push innovation forward. Nonetheless, we believe that any entity offering products or services commonly associated with financial institutions should be subject to the same regulation as a financial institution, and consumers obtaining the product or service should receive the same protections regardless of the type of entity providing the product or service.

Although credit unions are not regulated by the OCC, credit unions, as depository institutions, are subject to equivalent operational regulations and the same consumer protection regulations as banks. Thus, we follow the OCC's actions closely as its regulatory changes are often mirrored by other regulators. Although we appreciate the OCC's forward looking approach to technology, we are concerned that industry altering changes are being considered without sufficient public consideration of the subtle related regulatory and business dynamics.

Acting Comptroller Brian Brooks has publicly stated that the OCC is considering implementing a special purpose bank charter limited to payments services. Although Acting Comptroller Brooks in his comments mentions that this charter will have a narrow focus within the Comptroller's authority, we are concerned chartering such a special purpose bank represents a significant policy change at the OCC that should only be done after careful consideration and public rulemaking so that public policy and the public's interests can be thoroughly considered.

In a June interview on the *ABA Banking Journal Podcast*, Acting Comptroller Brooks acknowledged the "prestige" that accompanies an OCC banking charter, as well as the associated "customer confidence in your platform." In our view this can easily create market confusion, as a typical consumer cannot be expected to distinguish between types of charters and could reasonably assume such an institution possesses deposit insurance, for instance. If such institutions are not authorized to accept deposits- another likely source of confusion for consumers who in many business models would have funds on account at such entities- responsibility for dispute resolution processes such as Regulation E will also need to be addressed, impacting other institutions.

Changes to bank charters impact the public, state regulatory schemes and other business that rely on consistent regulations to operate. All stakeholders should have the opportunity to voice concerns and the implications of important changes in policy should be carefully weighed before the changes are made, especially when there can be broader impact on the delivery of financial services.

Credit unions will continue to innovate while striving to deliver financial services to every American. Similar to many other industries, depository institutions' business models are impacted by technology and innovation from within and outside the industry, as well as regulatory constraints. Nonetheless, any change to a Federal banking charter shouldn't happen behind closed doors and must only be considered in an open and transparent process

Conclusion

Should you have any questions about CUNA's comments, please feel free to contact me at 202.508.6705.

Sincerely,



Lance Noggle
Senior Director of Advocacy and Counsel Senior Counsel for Payments and Cybersecurity