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February 14, 2017

The Honorable Mike Rounds
502 Hart Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator Rounds:

On behalf of the Credit Union National Association (CUNA), I am writing in support of your legislation, S.366 the "Taking Account of Institutions with Low Operations Risk (TAILOR) Act." CUNA represents America's credit unions and their more than 100 million members.

The TAILOR Act will reduce regulatory burden for financial institutions with lower risk profiles relative to systematically significant institutions by requiring financial regulators to take risk into account when promulgating regulations. Constant regulatory changes present a challenge for small depository institutions because the fixed costs of compliance are proportionately higher for smaller-sized credit unions and banks than for large institutions. Almost half of the credit unions in the United States operate with five or fewer full-time equivalent employees; the largest banks in most cases have compliance departments that exceed that number by multiples of a hundred or more.

Overregulation is one of the reasons why small financial institutions are disappearing at an alarming rate. Over the last 20 years, the number of credit unions has been cut in half, from more than 12,500 in 1995 to just more than 6,000 today. For the last several years, the rate of regulatory and compliance-driven credit union consolidation has led to the loss of one credit union per day on average.

Congress has previously recognized the need for the Consumer Financial Protection Bureau (CFPB) to tailor regulations. Legislation like the TAILOR Act is needed to ensure that institutions like credit unions can continue to serve their members without excessive regulations. Credit unions are precisely the type of institutions for which the TAILOR Act is designed to help because they are well-capitalized, with a low risk profile and a long history of meeting their members' needs.

On behalf of America's credit unions and more than 100 million credit union members, thank you for your leadership on this issue.

Sincerely,

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

Jim Nussle
President & CEO