NAFCU
National Association
of Federal Credit Unions
3138 10th Street North
Arlington, VA 22201-2149
NAFCU | Your Direct Connection to Education, Advocacy & Advancement

June 18, 2012

Consumer Financial Protection Bureau
Attention: PRA Office
Christine Willey
Chief Information Officer
1700 G St. NW
Washington, D.C. 20052

RE: Notice and request for comment on information collections

Dear Ms. Willey:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Consumer Financial Protection Bureau's (CFPB) request for comment on information collections conducted by the Office of Management and Budget. NAFCU supports the Bureau's efforts to collect more accurate information regarding the cost of compliance and the effects of regulations on both consumers and covered institutions.

Gathering more, reliable information on the cost of providing financial services and the cost of regulatory compliance will be invaluable as the Bureau moves forward with the ambitious agenda set out for it by Congress.

At the outset, NAFCU requests that the examination of compliance costs and burden not be a one-time event for the CFPB. In NAFCU's experience, regulatory burden estimates are almost always inaccurate and too low. The only true means to see if a burden estimate proves to be an accurate estimate is to revisit the rule after it has been effective for some time. This is illustrated in the CFPB's request for comment at hand. For example, the CFPB specifically said it is interested in collecting information on the unit costs of delivering particular financial products or services. An institution can make its best estimate based on the proposal, but would need to see how the rule is implemented to have accurate data.

In regards to the estimated burden on financial institutions reporting information, the Bureau estimated respondents would require 90 minutes to respond to questions administered via focus groups, structured interviews, and conference calls. Additionally, the Bureau estimated 60 minutes would be required for questions delivered via email or through an online survey. NAFCU expects that the information collection will take significantly longer than the Bureau's estimates. The request for comment makes clear that the agency seeks qualitative information regarding the potential compliance cost of rules, the effect the rules may have on providers and consumers and the ways in which providers comply with potential regulations. In order to provide the type of qualitative, substantive feedback that the Bureau desires, it is likely that the providers will require considerable time to gather information, which can be a burden unto itself.

The CFPB also asked for feedback on ways to minimize the burden of the collection on respondents. The simplest way to minimize the burden of collecting information is simply to ensure providers have adequate advance time to investigate and collect the information the CFPB is seeking. NAFCU would be opposed to any mandatory collection of data.

Finally, the CFPB stated that it plans to seek information from the mortgage and remittance industry regarding the potential compliance costs of new rules and other effects the rules have for providers and consumers. It is instructive that in discussing this issue with six NAFCU members, three credit unions specifically said they plan to drop international wire transfers because of the compliance burden associated with the CFPB's recent rule on remittances. As a general matter, regulations that have the effect of pushing smaller participants from the market should be reconsidered. While NAFCU understands the goal the CFPB is trying to achieve – improved disclosures – we believe the infinitesimal benefits of the rule do not justify the very significant costs, both in terms of the cost of compliance and the overall competitive effects on the market.

Likewise, NAFCU is very concerned with the direct and indirect costs of the several mortgage rulemakings the CFPB is in the process of promulgating. NAFCU urges the CFPB to carefully consider the way all of the different mortgage rulemakings will work together for lenders and other covered providers. The Bureau must ensure that the process is calibrated in a way that minimizes the compliance burden for providers and protects against the need for multiple changes to forms, processes and systems. In would be incredibly harmful if one set of changes is closely followed by yet another set that requires providers to spend time and money re-working the same set of forms.

NAFCU appreciates the opportunity to share our thoughts on the request for comment. Gathering accurate information regarding the significant costs – both direct and indirect – involved with regulatory compliance is a worthwhile endeavor; and one which will improve the Bureau's rule writing process and overall effectiveness. Should you have any questions or require additional information please contact me.

Sincerely,

Dillon Shea

Dillon Shea
Regulatory Affairs Counsel