



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Jason Stverak**  
Chief Advocacy Officer

October 22, 2024

Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, D.C. 20552

Dear Director Chopra,

On behalf of the Defense Credit Union Council (DCUC) and our nearly 200 members and 40 million members of defense credit unions, as well as the entire credit union movement, I am writing to express our deep concerns with the CFPB's finalized implementation of Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. While we understand the intended purpose of the 1033 rule, which seeks to improve consumer access to financial data, we believe its implementation will bring significant unintended consequences for credit unions, particularly those serving our Nation's military and veteran communities.

Credit unions, especially those as part of the defense credit union movement, play a critical role in supporting military personnel, veterans, and their families by offering tailored financial services that address the specific needs of service members. This often includes better safer access to credit, lower fees than other financial institutions, and other personalized support such as financial readiness programs, assistance with the VA home loan process, and emergency relief options.

However, the proposed 1033 rule, as it stands, threatens credit unions' ability to effectively provide these services. By mandating almost unrestricted sharing of financial data with third-party fintech firms, credit unions would be forced into an ecosystem that prioritizes data speed and volume over long-term relationships with members and their security. This creates multiple risks:

**1. Security Concerns:** Many third-party data aggregators lack the same rigorous security and compliance frameworks that credit unions must adhere to. Credit unions are already highly regulated and operate under strict cybersecurity requirements to protect sensitive financial and personal data. Allowing unfettered access to this information increases the risk of data breaches, which would disproportionately harm service members who rely on credit unions for secure financial transactions.

2. **Member Trust:** The hallmark of credit unions is the trust and loyalty built with their members. For defense credit unions, trust is an even more essential asset because military families often depend on credit unions for their financial security while navigating complex and challenging life circumstances. If sensitive financial information is shared with third parties without members fully understanding the associated risks, trust may be eroded, harming both the credit union's reputation and its members' well-being.

3. **Operational Burdens:** Implementing the 1033 rule would impose significant costs on credit unions. Compliance with the technology and infrastructure requirements to facilitate secure data sharing could divert resources away from member services. For defense credit unions, this may mean less support for financial readiness programs or reduced availability of affordable financial products tailored to military needs.

4. **Lack of Consumer Demand:** We are also concerned that the rule assumes broad consumer demand for the ability to share financial data with third-party companies. For the members of defense credit unions, this is not necessarily the case. Military personnel, in particular, prioritize stability, security, and privacy over access to untested financial technologies. This rule could expose members to potential exploitation by predatory actors in the fintech space.

5. **National Security Implications:** The financial readiness of our armed forces is a key national security issue. The Department of Defense (DoD) recognizes this and has worked closely with defense credit unions to develop financial literacy programs and services that ensure service members can make informed financial decisions. The 1033 rule could undermine these efforts by granting third-party companies—many of which operate without the same regulatory oversight—the ability to manipulate or misuse financial data. This poses a particular risk for young service members who may lack the financial education necessary to understand the implications of sharing their data.

Moreover, the rule shifts the focus away from the member-centric mission of credit unions, treating data as a commodity rather than a member asset. Additionally, many credit unions may struggle to meet the technical requirements for secure data sharing, disrupting operations and detracting from member service. And once data is shared, credit unions lose control over its use, posing significant risks and potential liability for any negative outcomes from third-party actions.

In the worst-case scenario, increased data sharing could lead to predatory financial practices, exacerbating issues of debt and financial instability within the ranks of the military. Credit unions have historically functioned as a safeguard against such predatory practices, and the 1033 rule could weaken this protection.

Given these concerns, DCUC is opposed to the implementation of the 1033 rule as it currently stands. We will be actively collaborating with policymakers, industry groups, and our member institutions to advocate against its implementation. Our opposition stems not from a reluctance to embrace technological progress, but from a deep commitment to safeguarding the financial well-being of military and veteran families.

Instead of a one-size-fits-all approach, we urge the CFPB to reconsider alternative pathways that recognize the unique role of credit unions in supporting underserved communities, including our Nation's military. We are open to a dialogue with the CFPB to explore solutions that balance the need for consumer data portability with the imperative of security, trust, and consumer protection within the financial system.

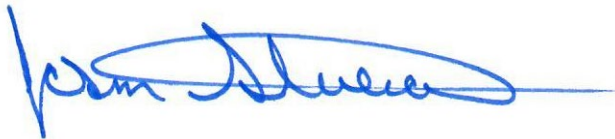
DCUC supports regulatory frameworks that enhance consumer protection and strengthen financial institutions' ability to serve their communities. However, the 1033 rule, in its current form, presents significant risks to credit unions and their members, particularly those within the defense credit union space.

While the 1033 rule's overall intentions are commendable, DCUC urges the CFPB to carefully consider these potential consequences and withdraw this rule.

We stand ready to work with the CFPB to find solutions that protect consumers without undermining the mission and integrity of credit unions. Thank you for the opportunity to bring these matters to your attention.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal flourish extending to the right.

Jason Stverak  
Chief Advocacy Officer  
DCUC

CC: Democratic and Republican Members of the US House Financial Services Committee and US Senate Banking, Housing and Urban Affairs Committee