



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

December 12, 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), representing credit unions that serve our nation's service members, veterans, and their families, we are writing to express our strong opposition to the CFPB's recently announced Final Overdraft (OD) Fee Rule. While we share the Bureau's goal of protecting consumers from predatory practices, this rule represents significant regulatory overreach that will weaken financial institutions, including those committed to serving the most financially vulnerable populations.

The imposition of a \$5 cap on overdraft fees disregards the operational realities of financial institutions and the costs incurred in providing overdraft protection services. This policy not only jeopardizes the sustainability of these services but also shifts the financial burden back onto consumers in unintended ways. It risks creating a perverse incentive for individuals to overdraft their accounts more frequently, undermining the financial responsibility that overdraft policies are designed to encourage. Worse, without any safety net that would allow consumers to keep payments on time, this rule risks more decline rates due to non-sufficient funds. These can result in higher penalties from non-bank entities such as landlords, utility companies, and even municipalities.

For credit unions, especially those serving military communities, overdraft programs are carefully structured to provide a safety net for members while covering the costs of administration. This new rule imposes a one-size-fits-all approach that punishes institutions acting in good faith and ignores the diversity of overdraft programs. Furthermore, it disregards the significant operational differences between not-for-profit credit unions and for-profit banks.

If the CFPB's intent is to protect consumers, it should focus its enforcement efforts on the minority of financial institutions that abuse their members through excessive overdraft fees, rather than penalizing the entire financial sector. Credit unions, especially defense credit unions, are not the problem and should not be treated as such.

Serving Those Who Serve Our Country

This rule also fails to recognize the critical role that overdraft programs play in ensuring access to funds during emergencies. For military families, who often face unique financial challenges, overdraft protection can be the difference between meeting essential expenses and financial hardship. By constraining these programs, the CFPB risks leaving our service members and their families with fewer options, ultimately causing more harm than good.

We urge the CFPB to reconsider this rule and take a more nuanced approach to addressing abusive practices in the overdraft space. Targeted enforcement, rather than broad, punitive regulation, is the better path forward to protect consumers without weakening the financial institutions that serve them.

Thank you for your attention to this critical matter. We remain committed to working with the CFPB to develop fair and balanced policies that support consumers without compromising the financial health of institutions dedicated to their service.

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.

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