



DCUC
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW
Suite 935
Washington, DC 20006

202.734.5007
www.d cuc.org

Jason Stverak
Chief Advocacy Officer

December 12, 2024

The Honorable Patrick McHenry
Chairman
Financial Services Committee
United States House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
United States House of Representatives
Washington, DC 20515

The Honorable Sherrod Brown
Chairman
Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Tim Scott
Ranking Member
Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman McHenry, Ranking Member Waters, Chairman Brown, and Ranking Member Scott:

On behalf of the Defense Credit Union Council (DCUC) and our member credit unions, I am writing to express our strong opposition to the Consumer Financial Protection Bureau's (CFPB) recently announced overdraft fee rule. While we share a commitment to ensuring that consumers are treated fairly, this rule represents a significant regulatory overreach that will harm both financial institutions and the members they serve.

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.

Instead of addressing cases of actual abuse, this sweeping regulation penalizes the entire financial sector indiscriminately. Such an approach fails to distinguish between responsible institutions, such as credit unions, and bad actors who may engage in exploitative practices. By forcing credit unions to absorb the costs of overdraft protection, this rule jeopardizes their ability to reinvest in their communities and provide low-cost financial services to their members—many of whom are active-duty military personnel, veterans, and their families.

Serving Those Who Serve Our Country

Furthermore, we are concerned that this rule will have the opposite of its intended effect. Limiting overdraft fees to such an extent may incentivize consumers to overdraft their accounts more frequently, undermining the financial stability of individuals and credit unions alike. When these consequences inevitably materialize, the CFPB will likely seek to impose additional regulations, exacerbating the already burdensome regulatory environment for credit unions.

Rather than imposing punitive measures across the board, we urge the CFPB to focus its enforcement actions on financial institutions that engage in predatory or abusive practices. Punishing responsible financial institutions harms consumers by reducing their access to affordable financial services and forcing them to turn to more costly alternatives.

We respectfully request that you oppose the CFPB's overdraft fee rule and utilize the Congressional Review Act to repeal this blatant overregulation and to ensure that future regulations are appropriately targeted and balanced to preserve access to financial services for all Americans.

Thank you for your attention to this matter. We stand ready to work with your committees to develop more effective 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,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: House Financial Services Committee Members
Senate Banking, Housing and Urban Affairs Members