



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW  
Suite 935  
Washington, DC 20006

202.734.5007  
www.dcuc.org

**Jason Stverak**  
Chief Advocacy Officer

December 10, 2024

The Honorable Sherrod Brown  
United States Senate  
Banking, Housing & Urban Affairs Committee  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Tim Scott  
United States Senate  
Banking, Housing & Urban Affairs Committee  
534 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Brown and Ranking Member Scott:

On behalf of the Defense Credit Union Council (DCUC), representing credit unions serving our nation's service members, veterans, and their families, I write to share our concerns ahead of the Senate Banking Committee's hearing, "*Consumer Protection: Protecting Workers' Money and Fighting for the Dignity of Work.*"

The Consumer Financial Protection Bureau (CFPB) plays an important role in protecting consumers, but some of its recent regulatory priorities risk unintended consequences that could negatively impact service members and the credit unions that serve them. Specifically, we urge the committee to scrutinize CFPB's positions on overdraft protection, credit card late fees, the proposed Section 1033 rule, and broader trends in overregulation. Additionally, DCUC strongly supports reforms to the CFPB to ensure it operates in a fair, transparent, and accountable manner.

Credit unions, including those serving military communities, provide overdraft protection services as a critical safety net for members. These programs are tailored to offer affordable, transparent options that help members avoid more costly alternatives like payday loans. CFPB's continued scrutiny of overdraft fees, coupled with calls to restrict their use, could reduce access to this vital service. For military families facing unique financial pressures, such as unexpected deployments or relocations, overdraft protection often serves as a lifeline. Any regulatory action that restricts access to these services would harm the very consumers CFPB seeks to protect.

DCUC also remains concerned about the CFPB's stance on credit card late fees. Service members rely on credit unions for fair and reasonable credit card options, designed with their financial stability in mind. The CFPB's efforts to impose restrictive caps or further reduce permissible late fees under the guise of "junk fee" regulation will disproportionately harm small financial institutions, including credit unions. Unlike for-profit banks, credit unions reinvest earnings into member services, and these fees support financial readiness programs, technology upgrades, and affordable credit options. Arbitrary fee reductions would limit these resources, undermining the financial well-being of military families.

While DCUC supports transparency and access to financial data, we are deeply concerned that CFPB's proposed Section 1033 rule could inadvertently expose service members and their families to significant cybersecurity and privacy risks. The rule's broad requirements for financial institutions to share consumer data with third parties must be balanced against the critical need to protect sensitive information. For military families, whose financial data is often targeted by bad actors, these protections are especially vital. We urge Congress to ensure CFPB finalizes a rule that does not compromise consumer privacy or impose excessive compliance burdens on credit unions.

*Serving Those Who Serve Our Country*

Finally, we call attention to the CFPB's broader trend of overregulation, which disproportionately affects smaller financial institutions like defense credit unions. Burdensome compliance requirements strain resources that could otherwise be used to serve members. These regulations threaten the unique role of credit unions on military bases and in veteran communities, where they provide essential services tailored to the needs of those who serve.

DCUC believes that structural reforms to the CFPB are critical to ensuring its accountability, transparency, and balanced oversight of the financial sector. Specifically, we recommend:

1. **Establishing a Five-Member Commission:** Replacing the single-director leadership model with a bipartisan five-member commission would promote greater stability, continuity, and collaboration in CFPB policymaking. This structure, used successfully by other financial regulators, would mitigate abrupt policy swings and ensure diverse perspectives in decision-making.
2. **Placing the CFPB Under the Congressional Appropriations Process:** Currently, the CFPB's funding bypasses congressional oversight by being tied to the Federal Reserve. Subjecting the agency to the appropriations process would enhance accountability and ensure Congress has a more direct role in overseeing how taxpayer resources are utilized. This change would also align the CFPB's funding mechanism with other federal financial regulators.

These reforms would help address concerns over regulatory overreach and improve the agency's ability to support a balanced and efficient financial system, without imposing unnecessary burdens on credit unions and other community-focused institutions.

DCUC urges the Senate Banking Committee to emphasize these concerns during Director Chopra's testimony and to consider necessary reforms to the CFPB that would enhance accountability while safeguarding the interests of consumers and financial institutions. As always, we stand ready to work with the CFPB and Congress to protect consumers while ensuring financial institutions can continue to provide essential services.

Thank you for the opportunity to bring these matters to your attention. Should you 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,



Jason Stverak  
Chief Advocacy Officer  
DCUC

CC: Senate Banking, Housing and Urban Affairs Members

