



DCUC
DEFENSE CREDIT UNION COUNCIL

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Anthony R. Hernandez
President/CEO

April 16, 2024

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

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

Re: Consumer Financial Protection Bureau's Final Rule on Credit Card Late Fees

Dear Chairman McHenry and Ranking Member Waters:

On behalf of America's 182 Defense Credit Unions and over 37 million members, I am writing to express the Defense Credit Union Council's support H.J.Res. 122, a Congressional Review Act resolution to reject the Consumer Financial Protection Bureau's (CFPB) final rule on credit card late fees. The Defense Credit Union Council advocates for all defense credit unions located on United States military installations around the world. Everything we do is in support of our military and veteran communities, no matter which credit union they join.

We are always concerned when unsuspecting consumers are subject to unfair and deceptive trade practices. In fact, defense credit unions have a rich history of providing safe financial programs to help make ends meet. This is why it is hard to support the CFPB new rule because of the adverse impacts to military families.

First, issuers will be forced to increase costs to offset delinquencies and charge offs. In fact, CFPB admits that the final late fee rule will cause harm to 74 percent of consumers who pay their credit cards on time. Higher principal and interest payments will increase the burden on all military consumers. This is in addition to current challenges such as food insecurity, spouse employment, and rising childcare costs. This is especially troubling since more military families rely on credit cards to make ends meet.

Second, CFPB's new rule makes it much more difficult for military leaders to establish good order and financial discipline. When credit card late fees are significantly reduced, there is less incentive to pay on time. Although military members are instructed to honor their credit card commitments DoD lack the mechanisms to prevent, intervene, or enforce standards until it is too late. Thus, it is hard to see how imposing government controls on late fees will improve financial discipline and responsibility. We fear CFPB's rule will make both worse.

Finally, while we are against absurdly high late fees, we believe the market can and will regulate what people can and are willing to pay. The credit card market is already competitive. Especially when marketing access for consumers with lower credit scores or little to no credit history Those who can offer better terms and access to credit cards will prevail. Military families are very perceptive when it comes to additional costs.

We thank you for your consideration of our concerns regarding the CFPB's rule. If there are further questions regarding this matter, please contact me at (202) 734-5007 or at ahernandez@dcuc.org.

Sincerely,

Anthony R. Hernandez

Serving Those Who Serve Our Country