

JUNE 2013

Credit Union Advisory Council meeting minutes

JUNE 26, 2013



Consumer Financial
Protection Bureau

Meeting of the Credit Union Advisory Council Meeting

The Credit Union Advisory Council (CUAC) of the Consumer Financial Protection Bureau (CFPB) met via conference call at 1:00 p.m. on June 26, 2013. The conference call was held at CFPB, 1700 G Street NW, Washington, DC 20552.

Board members present:

Carla Decker
Rose Bartolomucci
Bernard Balsis
John Buckley
Ron Ehrenreich
Kevin Foster-Keddie
Helen Godfrey Smith
Mitchell Klein
Lily Lo
Maria Martinez
Marcus Schaefer
Camille Shillenn
Gregg Stockdale
David Wright

CFPB staff present:

Kelly Cochran
Delicia Hand
Patrick Orr
Katherine Samolyk
Dan Smith
Gary Stein

Welcome and meeting overview

Gary Stein, Deposit Markets Program Manager

Staff Director Delicia Hand welcomed CUAC members and provided an overview of the call, the meeting was called to order at 1:00 p.m., she reported that the [Overdraft White Paper](#) has recently been released and invited Council members to have an interactive discussion and provide extensive feedback on the report.

Overdraft White Paper

Gary Stein, Deposit Markets Program Manager

Deposit Markets Program Manager, Gary Stein, covered the major points of the [Overdraft White Paper](#). With the highest number of complaints in the deposits arena, overdraft is a highly visible issue and becoming more so due to broadening payment channels. Over the last ten (10) years, the report shows that overdraft income is becoming a large revenue stream for institutions in the market place.

The White Paper did not create a set of rules, decisions or policy. Rather, the report highlights facts important to all stakeholders by providing insight and focus. The next steps depend significantly on our agreement on the facts. Everything is on the table. Through action, no action, guidance, or enforced action, we have the opportunity for improvements. Your thoughts, feedback, suggestions and questions are welcome.

Overdraft White Paper comments

CUAC members discussed the Overdraft White Paper and made the following questions or comments:

- A CUAC member asked if the overdraft complaints have been broken down between banks and credit unions. CFPB staff responded that most of the complaints received are for larger banks. Staff did not have the specific breakdown or ratio available.
- A CUAC member inquired if the Bureau differentiated between the policies and practices of big banks and credit unions in its approach to overdraft.

- A CUAC member explained that their institution charged \$19 for overdraft fees. The CUAC member went on to say that 92% of their members opt-in for overdraft coverage of automated teller machine (ATM) and non-recurring point of sale (POS) debit card transactions vs. a \$75 fee a consumer would incur from a merchant for insufficient funds.
- A CUAC member expressed concerns that complaint driven policymaking is not a good process; a reductionist approach of cause and effect would not get us where we want to go.
- A CUAC member commented that they are feeling the effects of the social trend on instant gratification at their credit union. They are seeing spoiled members/ consumers.
- ACUAC member suggested stopping all lending not based on credit, no pawnshops, and no overdraft programs that these services go against capitalism.
- A CUAC member stated that they serve low-income consumers for whom oftentimes when having to feed the family it makes sense to take out a payday loan or endure an overdraft fee.
- A CUAC member recommended research on alternative fees in relation to types of overdraft transactions. In addition, they would like the Bureau to consider consequences when a check returns from a property owner, merchant, utility, etc. CFPB staff responded that there is a significant difference in a check and point of sale overdraft. The difference being what is paid. Everything needs to be taken into consideration. The Bureau does not want to harm; or limit choice and access for consumers.
- A CUAC member remarked that the attitude of consumers has changed; paying small items first (i.e., cell phone) is a trend, and larger bills, like a mortgage, they may forego. The member continued to say that another shift in consumer behavior observed is that the consumer does not know what is available in their checking account.
- A CUAC member noted that they offer consumers great tools, but consumers are not using all the tools to maintain their accounts in good standing. Not all consumers can handle a checking account. Many consumers who are over-drafters are disorderly with their checking account.
- A CUAC member suggested the Bureau and CUAC look more closely at small institutions.
- A CUAC member asked whether the Bureau could also study credit unions data and towards ensure their members are represented in the report. CFPB staff acknowledged

that access is a challenge; specifically, how to talk with consumers who do or do not overdraft. How does Bureau staff talk to those who use large banks and those who use small?

The discussion concluded with staff emphasizing the desire to continue the conversation with the Council. Staff agreed to follow up with Council members on questions raised in the discussion and to share additional information requested. Staff also encouraged continual insight, suggestions, and input. Please send emails to CUAC@cfpb.gov.

Adjourn

CUAC members provided feedback on the format and content of the current meeting, and the meeting adjourned 2:30 p.m. EST.