



**America's
Credit Unions**

Jim Nussle
President & CEO
202-508-6745
jnussle@americascreditunions.org

99 M Street SE
Suite 300
Washington, DC 20003

February 29, 2024

The Honorable Patrick McHenry
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Re: Today's Committee Markup

Dear Chairman McHenry and Ranking Member Waters:

On behalf of America's Credit Unions, I am writing regarding the Committee markup of the Financial Services Innovation Act of 2024. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their nearly 140 million members nationwide. America's Credit Unions supports the Financial Services Innovation Act of 2024 and thanks the Chairman for introducing this important bill.

America's Credit Unions supports efforts to develop regulatory pathways for facilitating responsible innovation. In today's rapidly evolving financial services market, supervisory programs that accommodate and encourage experimentation are necessary to ensure that credit unions can remain competitive, and consumers can derive the full range of benefits which accrue from new technologies and modern business models. Uncertainty regarding the application of federal consumer financial law to novel products and services has contributed to historic underutilization of innovation programs managed by the Consumer Financial Protection Bureau (CFPB), the most promising of which have since been shut down. While the CFPB is just one agency, it is one of the most important in terms of facilitating consumer access to modern products and services. The proposed legislation would improve the CFPB's ability to evaluate innovative petitions by requiring it and other federal banking regulators to take a more proactive approach when assisting credit unions and other regulated institutions who seek feedback on new products, services, or strategies for compliance.

The proposed legislation will help spur the creation of regulatory sandboxes where participants can obtain advance assurance that an enforcement action will not be taken with respect to a product or service that meets minimum supervisory expectations. These sandboxes will be managed through a Financial Services Innovation Office (FSIO) established at each federal banking agency, including the National Credit Union Administration (NCUA), and each FSIO will coordinate within and across agencies to facilitate meaningful dialogue with regulated institutions. The proposed FSIOs are also tasked with reducing the regulatory burden of offering a new financial innovation to the public, a goal that credit unions support.

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New technologies and new entrants are challenging traditional business models, but regulatory uncertainty can impede progress, making it harder for credit unions to adapt. Without a clear legislative mandate to facilitate innovation, agencies that view experimentation with inherent skepticism will only make it more difficult for credit unions to focus on their core mission, which is serving their member-owners. The Financial Services Innovation Act will improve the outlook for future progress within the credit union industry. Enhanced coordination and regulatory cooperation will help expand opportunity, promote competition, and ensure that credit unions can continue delivering the best financial services experience to millions of Americans.

America's Credit Unions urges the Committee to support and advance the Financial Services Innovation Act at the markup. We thank you for the opportunity to share our thoughts and look forward to continuing to work with you on efforts that support credit union innovation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large initial "J" and "N".

Jim Nussle, CUDE
President & CEO

cc: Members of the Committee on Financial Services