



**America's  
Credit Unions**

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99 M Street SE  
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April 8, 2024

The Honorable Tim Scott  
104 Hart Senate Office Building  
United States Senate  
Washington, DC 20510

**Re: Congressional Review Act Disapproval of the Consumer Financial Protection Bureau's Credit Card Late Fee Rule**

Dear Ranking Member Scott:

On behalf of America's Credit Unions, I am writing to support your Resolution of Disapproval for the Consumer Financial Protection Bureau's (CFPB) Credit Card Late Fee Rule under the Congressional Review Act. 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.

The CFPB's misguided final rule on credit card fees clearly demonstrates a misunderstanding on how credit cards work. Credit unions work to empower their members' decision making and clearly define their late fees to suit the needs of their membership. An \$8.00 late fee does nothing to encourage responsible consumer behavior. We would note that various governmental entities, including the federal government, set late fees above that \$8.00 level for a wide range of payments.

The goal of the CFPB's rule to amend Regulation Z to reduce credit card late fees is to assist low- and moderate-income (LMI) borrowers to ensure late fees are "reasonable and proportional." In reality, this rule would reduce access to credit and competition in the credit card market. Another unintended consequence of this rule would be further consolidation of community-based financial institutions. The current safe harbor limits and regulatory structure for credit card late fees have resulted in clear disclosures to consumers, providing ample opportunity for comparison shopping, and a deterrence effect that encourages consumers to make timely payments on their accounts.

While the rule includes a safe harbor limit, it is arbitrary and is unlikely to reduce consumer debt. In fact, this rule would have a disproportionate impact on LMI borrowers by limiting the availability of safe and affordable products because credit unions and other institutions will be forced to make difficult decisions about their offerings. Some smaller credit unions may be forced to reevaluate or eliminate their credit card programs altogether because the economics no longer work. Credit unions differ from banks in that they are subject to an interest rate ceiling established under the Federal Credit Union Act. While big banks will likely increase interest rates to make up for reduced revenue, credit unions have limited revenue options. The impact on

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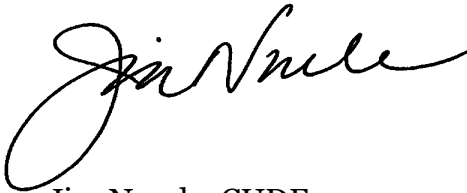
underserved communities will be substantial if credit unions are forced to leave the credit card market.

Furthermore, the Bureau did not convene a Small Business Regulatory Enforcement Fairness Act (SBREFA) panel to fully understand how reducing the safe harbor will impact the industry. While small institutions were provided an exemption in the rule, market forces will pressure them to comply with this new late fee or face losing accounts. A SBREFA panel could have fully explored the potential impacts of this.

It is with these concerns about the rule and process in mind that we believe that the Congressional Review Act should be used to stop this rule and support your effort to do so.

On behalf of America's Credit Unions and their 140 million credit union members, thank you for the opportunity to share our views. We look forward to continuing to work with you to create an environment where credit union members can thrive.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the end.

Jim Nussle, CUDE  
President & CEO