



24 McKinley Ave • Endicott, NY 13760-5491 • 800.242.2120

March 28, 2024

Kenneth M. Burt, Executive Vice-President/Chief Financial Officer
Visions Federal Credit Union
24 McKinley Avenue
Endicott, NY 13760

The Honorable Rohit Chopra, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Proposed Rule: Overdraft Lending: Very Large Financial Institutions [Docket No. CFPB–2024–0002 or RIN 3170–AA42]

Dear Director Chopra,

I am writing on behalf of Visions Federal Credit Union to express our concerns and provide feedback on the proposed rule regarding amendments to Regulations E and Z to update regulatory exceptions for overdraft credit provided by very large financial institutions, as requested by the Consumer Financial Protection Bureau (CFPB).

Visions Federal Credit Union is a not-for-profit institution with assets below \$10 billion and this proposal, aimed at large financial institutions, will have an indirect impact on smaller credit unions, such as ours. This proposal will undermine our mission of providing affordable services to our membership, particularly our low-income demographic that uses our overdraft program for short-term cash needs.

Visions Federal Credit Union is a federally chartered credit union serving over 250,000 members with assets exceeding \$5.6 billion across 60 branches in New York, New Jersey, and Pennsylvania. We have concerns regarding the potential burdens and costs that the proposed rule may indirectly impose on credit unions and members.

Credit Unions are not-for-profit financial institutions owned by their members. Any income that is derived from programs such as overdraft is invested back into the membership, lowering costs for existing services and providing support for the addition of new, convenient services. Additionally, credit unions take great pride in investing in the communities served through our financial wellness initiatives, volunteer giveback time, and substantial community support through donations and sponsorships.

As a credit union, our focus is ensuring that our members in all demographics have access to short-term cash needs. The overdraft program is the main avenue of short-term cash for our membership that is low income and may not qualify for lines of credit. Overdraft protection is important for our members living paycheck to paycheck, for whom a small overdraft fee can



24 McKinley Ave • Endicott, NY 13760-5491 • 800.242.2120

prevent a cascade of financial hardships, such as utility shutoffs, eviction, or the inability to purchase essential goods. Absent of the financial lifeline that overdraft protection represents, these transactions would be declined, and the impacts would be far worse than the fee they would pay to have the transaction covered. Additionally, overdraft programs assist in shielding members from potential fees and penalties linked to declined transactions. As part of Visions' overdraft program, as a credit union, we ensure that all our disclosures are transparent and educational, and we consistently provide financial tools and outreach to assist our membership in reducing incurred fees. Without overdraft programs, the only alternatives that these members would be left with are payday lenders and pawn shops for short-term cash needs.

The proposed alternative to charging fees for overdraft services is to alter the definitions and applicability of Regulations E and Z and to force financial institutions to treat overdraft services as lines of credit subject to Regulation Z. We disagree with the CFPB's attempt to change these definitions to fit their narrative. Since the establishment of TILA more than half a century ago, it has been widely recognized that overdraft protection (separate from an overdraft line of credit) does not fall under the purview of TILA and its implementing Regulation Z. The proposed shift to treat overdrafts as TILA-regulated loans is filled with complications. First, it overlooks the fundamental nature of overdrafts as a service provided to cover occasional, short-term funding gaps, not a form of extended credit.

The expansion of overdraft lines of credit as suggested by the CFPB would necessitate substantial investments from financial institutions. These costs, stemming from the need to develop, implement, and maintain new lending programs that comply with TILA and the CARD Act, would necessarily be passed down to members in the form of higher fees or more restrictive service offerings. Such developments could lead to a less inclusive financial system where lower income and less creditworthy members find themselves further marginalized and with fewer options to manage their financial needs.

While this rule does not directly impact institutions under \$10 billion in assets, small credit unions, such as ours, will have market pressure to reduce fees to either \$3, \$6, \$7, \$14, or a breakeven amount, which will put additional financial pressure on maintaining the compliance and education of overdraft programs. This could also lead to an increase in the costs of other products and services that small financial institutions offer, which would be harmful to the members. The financial pressure could lead to overdraft programs being removed since it is less costly for us to simply return transactions than pay items that overdraw accounts, which would again be harmful to the members that depend on those services.

We believe that financial institutions should retain the flexibility to set fees for services like overdraft protection. This flexibility allows credit unions to tailor services to the needs of our diverse membership, balancing the need to cover costs and manage risk with the commitment to keeping products and services affordable. As a credit union, Visions arms members with an



24 McKinley Ave • Endicott, NY 13760-5491 • 800.242.2120

emphasis on financial literacy and educational efforts and we believe the CFPB should do the same.

In conclusion, we urge the CFPB to consider the insights provided by Visions Federal Credit Union and other stakeholders. We believe that a more targeted and practical approach to overdraft program improvements can be achieved without placing undue burdens on credit unions and their members.

Thank you for considering Visions' perspective, and I hope that these comments contribute to the ongoing dialogue on this important issue. I welcome the opportunity to provide additional information and/or comments as appropriate. Visions' Director of Government Affairs, Patricia Shermot, pshermot@visionsfcu.org, can also be reached to coordinate additional information.

Sincerely,

Kenneth M. Burt
Executive Vice President/Chief Financial Officer
Visions Federal Credit Union