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NCUA Media Release

NCUA Chairman Matz Addresses Credit Union Concerns On Credit CARD Act Compliance

August 28, 2009, Alexandria, Va. – In response to credit union concerns about compliance with new requirements under the Credit Card, Accountability, Responsibility, and Disclosure Act of 2009 (Credit CARD Act), NCUA Chairman Debbie Matz underscored the NCUA’s commitment to consumer protection and ensuring credit union compliance, while recognizing some credit unions may have technical difficulties and the need for examiners to work with credit unions on a case-by-case basis.

Under the Credit CARD Act and recent amendments to Regulation Z, financial institutions must mail or deliver periodic statements for open-end consumer credit plans at least 21 days before the payment due date. Congress established an August 20, 2009, effective date for this requirement. In its new regulation implementing the Credit CARD Act, the Federal Reserve Board acknowledged that some creditors may experience difficulties, for open-end credit plans other than credit cards, with revising their billing systems by August 20 in order to mail or deliver the statement at least 21 days in advance of the due date.

The Federal Reserve has further stated that for a “short period of time” a creditor “may remedy this technical issue by prominently disclosing elsewhere on or with the periodic statement that the consumer’s payment will not be treated as late for any purpose if received within 21 days after the statement was mailed or delivered.” This has caused credit unions and their representatives to ask for guidance as to the duration of the short period of time for which credit unions may use this alternative.

In response, NCUA Chairman Matz has stated “We understand some credit unions may experience difficulties complying with the requirement of the Credit CARD Act and the Federal Reserve Board’s interim rule regarding the mailing of periodic statements. The amount of time necessary to come into full compliance will likely vary, depending on the type of credit arrangements a credit union offers its members and, in many cases, the cooperation of third party vendors in revising billing procedures and statements. All credit unions are expected to come into full compliance as early as reasonably possible, and to demonstrate their efforts to do so. In the interim, credit unions should follow the alternative allowed by the Federal Reserve. Like any regulatory compliance matter, examiners will review credit union efforts to achieve compliance. In no event can credit unions impose a late fee or change terms except as permitted by the Credit CARD Act and the Federal Reserve’s regulation.”

The National Credit Union Administration is the independent federal agency that charters and

supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates the National Credit Union Share Insurance Fund (NCUSIF), insuring the savings of more than 90 million members in all federal credit unions and many state-chartered credit unions. NCUA operations are funded by credit unions, not tax dollars.

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