The Wisconsin Credit Union League

One League, One Focus - Your Success!

Submitted via email to regcomments@ncua.gov

Nov. 30, 2017

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Arlington, VA 22314-3428

Re: Proposed amendments to NCUA Regulations Part 740, Accuracy of Advertising and Notice of Insured Status
RIN 3133-AE78

Dear Mr. Poliquin:

On behalf of Wisconsin's credit unions® and their more than 3 million members, the Wisconsin Credit Union League (the League) is writing to express its support for the proposed amendments to Part 740 of the NCUA Regulations for federally insured credit unions (FICUs).

In 2011, the NCUA chose to make its advertising rules more stringent than corresponding FDIC advertising rules for banks. Those changes were unnecessary, and we agree with the NCUA's current assessment that they "disrupted the balance between bank and FICU regulatory burden in this context." While we would have preferred that the 2011 amendments not been adopted, or that the imbalance had been corrected during the intervening six years, we are pleased that the NCUA's proposal would roll back these changes.

The proposal would relieve some of the regulatory compliance burden for Wisconsin's credit unions. As we have previously expressed to the NCUA, regulatory relief is a pressing need for credit unions and their members. Statewide in Wisconsin, the burden of federal financial regulation imposed an annual cost of $133.8 million in direct costs to comply in 2014, plus $28.1 million in reduced revenue from not being able to invest resources on member service.[1] That's a total impact of $161.9 million, or $62 per Wisconsin credit union member. Regulatory compliance is a particular hardship for smaller credit unions. In March 2017, Wisconsin's 140 credit unions had a median asset size of just $44 million. At that size, they have just 10.5 employees on average. With limited resources, those small credit unions have few choices to address growing compliance costs. NCUA advertising compliance is, of course, a small component of those costs, but the proposed changes are a positive step toward easing the overall federal regulatory burden that our credit unions face. We appreciate the NCUA's efforts in this regard.

As to the specifics of the proposal:

- It is unnecessary and impractical for FICUs to include an NCUA advertising statement in radio or television advertisements that exceed 15 seconds, as the rule now requires. We support the proposed changes to the

[1] See http://www.cuna.org/regburden/

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rules' exceptions, so that the statement would be required for radio and television ads only if they exceed 30 seconds. Matching the FDIC requirement in this way is only fair.

- We see no valid reason to continue requiring credit unions to include an advertising statement on published statements of condition. We believe that the requirement is of no discernable public benefit; that it stretches the definition of "advertisement" too far; and that it is merely a "compliance trap" for unwary credit unions. We strongly support the NCUA's proposal to do away with this provision.

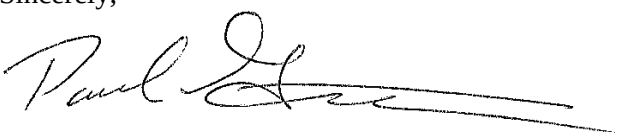
- We back the NCUA's proposal to add a fourth alternative official advertising statement. The phrase "Insured by NCUA" briefly conveys the essential message that the rule requires – that members' accounts are federally insured. To make the statement even more succinct, we'd like to suggest that it be shortened to "NCUA Insured." This would give FICUs a concise option that mirrors the "Member FDIC" language banks may use under 12 CFR §328.3.

We also agree that the current NCUA advertising rules are inadequate to address credit unions' growing social media presence. The proposal asks whether "the regulation should be modified to facilitate the trend in advertising via new types of social media, mobile banking, text messaging and other digital communication platforms, including Twitter and Instagram." The answer is a resounding "yes" … but any such modification must give FICUs flexibility to use new forms of social media and to take advantage of changing technologies effectively, without waiting for regulators to catch up as tech evolves. Any new rule must also account for the wide array of social media platforms available to credit unions. For example, it would certainly be feasible to include the "NCUA Insured" advertising statement in a Facebook post, but even that brief statement would be unwieldy in other social media channels like text messages or Twitter, where message lengths are limited. One solution might be to add "tweets" to the list of potential exceptions under §740.5(c)(9) for "advertisements that because of their type or character would be impractical to include the official advertising statement;" however, we think that it would be a mistake to adopt regulatory provisions that carve out exceptions for certain social media channels in 2017 when those rules may be rendered obsolete in 2018. Instead, it would be wiser for the NCUA to address social media advertising in the form of a Letter to Credit Unions (or to provide examples of compliant social media advertising in Official Commentary to §740.5). The NCUA could then update its guidance as needs change, avoiding the cumbersome and lengthy process for amending regulations.

In conclusion, we thank the NCUA for taking proactive steps to reduce the compliance burden on Wisconsin credit unions and other FICUs by rolling back the advertising rule changes it made in 2011. We also appreciate the NCUA's foresight in adapting its advertising rules to growing social media advertising by credit unions.

Thank you.

Sincerely,



Paul Guttormsson
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The Wisconsin Credit Union League