



NATIONAL COUNCIL OF FIRE FIGHTER CREDIT UNIONS ANNUAL CONFERENCE 2023

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2023 ADVOCACY PRIORITIES



GROWTH

Advocating for a legislative and regulatory environment that allows credit unions to grow so they can serve more Main Street Americans and the small businesses they rely on.



TECHNOLOGY & INNOVATION

Supporting innovation and strong technology partnerships that allow credit unions to compete on a level playing field.



REGULATORY RELIEF

Reducing regulatory burden through relevant, targeted rulemaking and clear rules of the road.



DATA PROTECTION

Fighting for a uniform national standard for data privacy and security that recognizes existing regulatory requirements for credit unions.



FAIR MARKET

Combatting big-bank attacks and ensuring regulators hold all depository institutions and lenders accountable, including emerging fintechs.

INDUSTRY CHALLENGES

- Rising Rates and Liquidity
- Non-interest Income
- Field of Membership Reform
- Payments Fraud
- Cybersecurity
- Fintech Competition
- Cryptocurrency/ Digital Assets
- Staffing
- M & A Landscape



POLITICAL LANDSCAPE

President Joe Biden and the Democrats have control of the administration and the United States Senate

- Democrats picked up one Senate seat in 2022 for a 51-49 majority
- Yes, Kyrsten Sinema is technically an independent, but she will vote with the Democrats a majority of the time

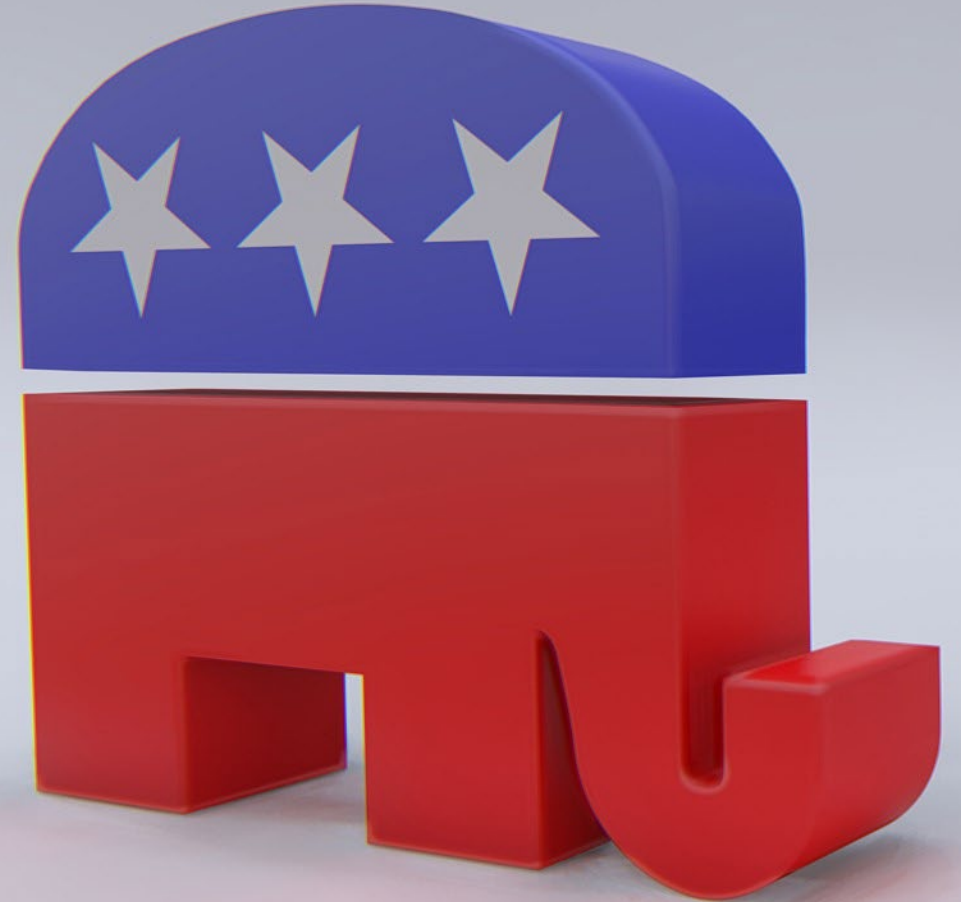
Republicans have a narrow 5 seat majority in the House of Representatives

- This is giving Republican leadership a headache, it is like herding cats
- The debt ceiling deal and the fallout from it are the perfect example of the challenges Republican leadership face



REPUBLICAN PRIORITIES IN 2023

- Border security
- Deficits
- Energy Independence
- Oversight
- Education and Wokeness
- Healthcare
- China Competition



DEMOCRATIC PRIORITIES IN 2023

- Judges and Nominations
- Immigration Reform
- Implementing the Inflation Reduction Act, CHIPS Act and Infrastructure Bill
- Ways to Protect Choice
- Biden Re-Election



NAFCU LEGISLATIVE PRIORITIES THIS CONGRESS

- Allow credit unions to serve underserved areas abandoned by banks
- Protect the tax exemption
- Stop Durbin Amendment Expansion
- Member business lending reform
- Credit union parity



WHAT IS THE NEAR -TERM AGENDA?

Congress is facing three big issues at the moment, and they will dominate the headlines:

1. Spending Bills

2. FAA Reauthorization

3. China

These issues are taking up the majority of the bandwidth

For financial services the headline is the recent bank failures

- There is intense discussion ongoing about the future of deposit insurance
- There is also intense scrutiny of bank executive accountability and bank supervision
- Also there is interest in stablecoins legislation and cannabis banking



WHEN CONGRESS IS GRIDLOCKED POWER SHIFTS TO THE REGULATORS

- If Congress is unable to pass bills checking their power, the regulators will fear no one and be empowered to carry out their own agenda, with few checks on their power
- We are seeing this with the CFPB right now
- We expect to see this with the NCUA soon



CONSUMER FINANCIAL PROTECTION BUREAU LEADERSHIP

- Former FTC Commissioner Rohit Chopra was confirmed as CFPB Director
- Director Chopra has an aggressive agenda driven by core beliefs about financial services
- Director Chopra prefers supervisory guidance, advisory opinions, and blogs to share information and issue policy directives.



CFPB PRIORITIES

- Under Director Chopra, the CFPB may reconsider overdraft, payday lending, and debt collection rules. Chopra is scrutinizing the credit reporting and student lending industries
- FIs on defense as Bureau adopts more aggressive rulemaking posture and enforcement using UDAAP. CFPB recently published a policy statement to define the “abusive” prong
- Primary areas of focus:
 - War on fees
 - Greater accountability for nonbanks
 - Consumer access to financial records
 - Fair lending and eliminating appraisal bias



NCUA LEADERSHIP

- **Chairman Todd Harper**
focused on cybersecurity and vendor authority, as well as consumer protection and climate change
- **Vice Chairman Kyle Hauptman**
focused on innovation and digital assets, improving de novo chartering, and serving the underserved
- **Board Member Rodney Hood**
focused on ACCESS initiative, fintech partnerships, and ensuring credit union industry has a seat at the table



NCUA PRIORITIES

- Interest Rate Risk
- Liquidity Risk
- Credit Risk
- Fraud Prevention and Detection
- Information Security (Cybersecurity)
- Consumer Financial Protection

- Other Updates:
 - CECL Implementation
 - Succession Planning
 - Support for Small CUs and MDIs
 - Post-Examination Survey



CYBER INCIDENT REPORTING

- In February, the NCUA finalized its cyber incident reporting final rule:
 - Effective September 1, 2023
 - Implements the Cyber Incident Reporting for Critical Infrastructure Act of 2022 (CIRCA) by amending NCUA's Regulations Part 748
- The rule requires FICUs that experience reportable cyber incidents to report the incident to the NCUA within 72 hours
- In response to NAFCU's comments, the rule:
 - Clarifies some concerns raised by NAFCU, including that the rule does not impose a notification requirement on a FICU for an incident occurring at any third party that, unbeknownst and unrelated to the FICU, happens to hold information about FICU members or employees
 - Clarifies the confidentiality of cyber incident reports under applicable Freedom of Information Act exemptions
 - NCUA will release guidance with further detail and examples about reportable and nonreportable cyber incidents



CLIMATE -RELATED FINANCIAL RISK

- In April, the NCUA released a Request for Information on climate-related financial risk, specifically transition and physical risks and risks to the SIF
- The other banking regulators have issued guidance on climate risk:
 - The Office of the Comptroller of the Currency released principles for evaluating climate risk for large banks above \$100 billion in assets
 - FDIC issued similar principles in March 2022
 - FDIC Chair Gruenberg said that community bank senior management should assess and seek to understand climate-related risks as appropriate to their size, complexity, and risk profile
 - The Securities and Exchange Commission released a proposed rule to enhance and standardize the disclosures publicly held institutions must provide investors regarding “climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition.”
 - The Federal Reserve has started a pilot program for the largest banks to undergo scenario analysis
 - Fed Chairman Powell has said he does not want the Federal Reserve to be a “climate policymaker” absent a Congressional mandate to do so





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