



Jim Nussle
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October 25, 2023

The Honorable French Hill
Chairman
Committee on Financial Services
Subcommittee on Digital Assets,
Financial Technology, and Inclusion
United States House of Representatives
Washington, DC, 20515

The Honorable Stephen Lynch
Ranking Member
Committee on Financial Services
Subcommittee on Digital Assets,
Financial Technology, and Inclusion
United States House of Representatives
Washington, DC, 20515

Dear Chairman Hill and Ranking Member Lynch:

On behalf of the Credit Union National Association (CUNA), I am writing regarding the Subcommittee's hearing entitled, "Modernizing Financial Services Through Innovation and Competition." CUNA represents America's credit unions and their more than 135 million members.

CUNA appreciates the Committee's interest in the growing influence of "Buy now, pay later" (BNPL) products and their impact on consumers. In 2021, consumers spent nearly \$100 billion in purchases using BNPL programs, up from \$24 billion in 2020. Nevertheless, BNPL providers remain largely unregulated.

Credit unions and other well-established financial service providers are heavily regulated for safety and soundness and consumer protection regulatory compliance. This strict oversight and regulation extends to credit unions' partnership with fintechs to offer BNPL services to their members. However, credit unions are concerned that the vast majority of BNPL providers remain unregulated and are increasingly engaged in financial activities by offering products intended to be glossy, tech-savvy alternatives to traditional loan products without adhering to the robust consumer protection laws and regulations in place for banks and credit unions.

While credit unions welcome innovation in the market, we are concerned that the exponential growth of BNPL products has outpaced prudent regulatory oversight and will ultimately result in consumer harm. In addition, the absence of effective oversight creates an uneven playing field to the disadvantage of traditional lenders and, by extension, consumers. CUNA encourages the Committee to explore this regulatory environment for BNPL providers and consider policy solutions.

On behalf of America's credit unions and their more than 135 million members, thank you for holding this important hearing and considering our views on the subject.

Sincerely,

A handwritten signature in black ink that reads "Jim Nussle".

Jim Nussle
President and CEO