

DATE: March 22, 2021
BULLETIN: 2021-KDCU-CUB-6
TO: Kansas Chartered Credit Unions
SUBJECT: Consumer Protection

CONSUMER PROTECTION

On March 2, 2021, National Credit Union Administration (NCUA) Chairman Todd M. Harper delivered [remarks](#) to the Credit Union National Association's (CUNA) 2021 Governmental Affairs Conference and one of the topics highlighted was consumer protection.

Chairman Harper discussed how the NCUA performed quality control reviews on randomly selected 2020 examination reports. During 2020, examiners completed targeted reviews in all examinations to evaluate compliance with various consumer financial protection laws and regulations.

In some cases, examiners found weaknesses in compliance management systems, which can lead to compliance issues, violations or harm to members if not addressed. Based on those findings, notable "shortfalls" were found in the following:

- [Fair Credit Reporting Act](#): credit unions did not establish and implement reasonable written policies and procedures with regard to the accurate reporting of member information to consumer reporting agencies (Regulation V);
- [Electronic Fund Transfers Act](#): credit unions failed to promptly investigate errors or provide complete disclosures, preventing members from understanding their accounts and leading to expensive fees (Regulation E); and
- [Truth in Lending Act](#): did not provide complete and accurate disclosures or correctly calculate the finance charge for certain consumer loans, potentially increasing the overall cost of credit for the member (Regulation Z).

These issues have also been seen by KDCU examiners in their exams of Kansas state-chartered credit unions, particularly Truth in Lending Act (TILA) violations. It is important to calculate the finance charge correctly and not, for example, pick an APR (Annual Percentage Rate) and then try to mathematically back into the percentage chosen. A [finance charge](#) is any charge associated with borrowing money and paying it back over time.

Chairman Harper opined the NCUA must create a dedicated program to supervise compliance with consumer financial protection and fair lending laws. KDCU is equally supportive of an exam program to ensure credit unions serve their members in compliance with consumer protection laws and regulations.

NOTE: In accordance with Governor Laura Kelly's [Executive Orders](#), KDCU Administrator Vickie Hurt continues to review the feasibility of resuming the on-site examination program. This is being done in coordination with the NCUA.