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National Association of Federal Credit Unions | [www.nafcu.org](http://www.nafcu.org)

September 19, 2013

The Honorable Tim Johnson  
Chairman  
Committee on Banking, Housing  
and Urban Affairs  
United States Senate  
Washington, D.C. 20510

The Honorable Mike Crapo  
Ranking Member  
Committee on Banking, Housing  
and Urban Affairs  
United States Senate  
Washington, D.C. 20510

**Re: NAFCU Urges Action on Annual Privacy Policy Notification Legislation**

Dear Chairman Johnson and Ranking Member Crapo:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federally chartered credit unions, I write today to urge the Committee to act on legislation that would eliminate the annual requirement to notify consumers of privacy policies even when changes to such policies have not occurred. The compliance burden credit unions face is at an all-time high and embracing this practical idea would help relieve an onerous requirement on credit unions while allowing them to redirect resources to serve their members.

As you may know, the Gramm-Leach-Bliley Act (P.L. 106-102) requires financial institutions and a wide variety of other businesses to issue privacy disclosure notices to consumers that detail the institution's privacy policies if it shares customers' non-public personal information with affiliates or third parties. The law also requires telling existing and potential customers of their right to opt out of sharing non-public personal information with third parties. Such disclosures must take place when a customer relationship is first established and annually in paper form as long as the relationship continues—even if no changes have occurred.

In March, Senators Sherrod Brown (D-OH) and Mike Johanns (R-NE) introduced bipartisan legislation, the *Privacy Notice Modernization Act of 2013* (S. 635), that would modernize the law and help eliminate the confusion faced by many consumers by exempting institutions whose policies have not changed from this outdated requirement. Under this bipartisan bill, financial institutions would still need to make privacy policies available to consumers via the internet or other mechanism prescribed by regulation. Over 30 members of the Senate have joined their colleagues in support of this commonsense legislation. In March, a substantially similar version of this bill unanimously passed the House.

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Last week during testimony before the House Financial Services Committee, Consumer Financial Protection Bureau (CFPB) Director Cordray noted his support for progress on this important issue and noted that additional disclosures do not necessarily translate to benefits for consumers. Given Director Cordray's position, and the focus of the CFPB on working to give consumers the information they need to understand the terms of their agreements with financial companies, we believe that this is an important development.

The privacy notice, for most institutions, is readily available for viewing online, as well as available at branch locations for consumers to acquire if they so desire. The important exemption outlined in S. 635 will allow credit unions to focus their resources on providing low-cost financial services to their members without disturbing consumer privacy policy availability. The staff resources and money wasted to send the required notice to millions of credit union members every year are resources that could better serve them in the form of loans or interest payments.

Thank you for your attention to this important matter. NAFCU is hopeful that the Senate Banking Committee will act swiftly to move legislation to address the unnecessary burden annual privacy disclosure requirements create. If my colleagues or I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact myself, or NAFCU's Associate Director of Legislative Affairs, Chad Adams at (703) 842-2265.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", with a long horizontal flourish extending to the right.

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Committee on Banking, Housing and Urban Affairs