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September 13, 2022

The Honorable Sherrod Brown
Chairman
Senate Banking Committee
United States Senate
Washington, DC 20510

The Honorable Patrick Toomey
Ranking Member
Senate Banking Committee
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

On behalf of America's credit unions, I am writing regarding the hearing entitled, "New Consumer Financial Products and the Impacts to Workers." The Credit Union National Association (CUNA) represents America's credit unions and their more than 130 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 2020.¹ 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. Credit unions are concerned that unregulated BNPL providers 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 material disadvantage of traditional lenders.

CUNA supports further exploration of these products and the companies that offer them as they begin serving a larger segment of consumers' financing purchases. On behalf of America's credit unions and their more than 130 million members, thank you for holding this important hearing.

Sincerely,

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

Jim Nussle
President & CEO

¹ CFPB's Probe of Buy Now Pay Later: What's the Risk to Consumers? Eamonn Moran & Robin Nunn; Morgan, Lewis & Bockius LLP (Feb. 15, 2022) available at <https://news.bloomberglaw.com/banking-law/cfpbs-probe-of-buy-now-pay-later-whats-the-risk-to-consumers>.