



July 12, 2019

Russell G. Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Golden:

On behalf of the Heartland Credit Union Association and the more than 2.3 million members in Missouri and Kansas served by credit unions, we are writing in regards to the Financial Accounting Standards Board's (FASB) Current Expected Credit Losses (CECL) accounting standard. We have significant concerns with the CECL accounting standard scheduled to begin taking effect next year, and urge FASB to conduct cost-benefit analysis is needed before any implementation takes place.

Implementing CECL will significantly impact the ability of consumers to obtain credit, as more funds will have to be held to fulfill CECL requirements. As not-for-profit financial cooperatives, credit unions are owned by our members and put those members' financial needs first. Our focus on our members and their financial success means that credit unions are different than other financial services providers; clearly credit unions, because of their not-for-profit structure, are not the intended target for this new accounting standard.

CECL is designed to address delayed recognition of credit losses resulting in insufficient funding of the allowance accounts of certain covered entities. Underfunding of allowance accounts has not typically been an issue for credit unions. Also, the typical user of a credit union's financial statements is our federal regulator – the National Credit Union Administration (NCUA) – unlike large, public banks where public investors use those financial statements. When you analyze historical performance data for natural person credit unions and our insurance fund (NCUSIF) during economic cycles, CECL is a solution looking for a problem when it comes to credit unions.

Concerns and issues with implementation were reinforced during the December 2018 hearing to assess impact of FASB's CECL accounting standard by the House Subcommittee on Financial Institutions and Consumer Credit. Panelists from a range of financial services industries, as well as members of Congress from both parties, expressed concern regarding the impact of CECL – both long term and short term. Additionally, as was discussed at a House Financial Services hearing in April that featured all of the prudential federal financial institution regulators, the lack of any comprehensive Cost/Benefit Analysis conducted by FASB makes the impact of CECL more uncertain, and more concerning.

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Again, we strongly believe that a cost-benefit analysis is needed before any implementation takes place. An assessment on the impact on market volatility is important. It is clear that the time to stop and study is now. As the premier authority on accounting standards, FASB must work to ensure any changes involving accounting standards do acknowledge the impact of the rule on financial services – including market stability, accounting unpredictability, and access to credit.

Thank you for your time and consideration to stop these actions.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is written in a cursive style with a large, stylized initial 'B'.

Bradley D. Douglas
President/CEO
Heartland Credit Union Association