



Submitted via email to [director@fasb.org](mailto:director@fasb.org)

Sept. 16, 2019

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856

Re: Proposed ASU to Delay Effective Dates of Financial Instruments Standards;  
File Reference No. 2019-750

To Whom It May Concern:

On behalf of Wisconsin's credit unions® and their more than 3.2 million members, The Wisconsin Credit Union League (the League) is pleased to offer its comments on the Financial Accounting Standards Board's (FASB's) proposed accounting standards update (ASU). The proposal would delay the effective dates of several ASUs, including CECL, the standard for "current expected credit losses."

FASB has proposed to stagger the effective dates for new accounting standards. Generally, a major ASU would first be effective for larger public companies (so-called bucket-one entities) and then staggered at least two years later for all others, including credit unions (so-called bucket-two entities). Early implementation would be allowed for all entities. This approach is sensible, since it will let non-public entities with limited resources learn from the implementation processes of the bucket-one companies.

FASB proposes to apply this new approach to three ASUs. Of particular concern to our credit unions is CECL (ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.) Under the proposal, it would be effective for bucket-one entities in January 2020 and for bucket-two entities in January 2023.

We support this delay, and we appreciate that FASB recognizes the challenges CECL presents to smaller entities; however, we want to clearly state that The League still opposes the application of CECL to credit unions. We wrote to FASB in 2013 and again in 2016 to express our concerns, and they haven't changed. Our credit unions still consistently cite CECL as one of, if not the, biggest compliance challenge they face.

CECL will require extensive resources to analyze the loan portfolio on a granular level to calculate and project life of loan losses. One of our credit unions wondered: "What new systems and software ('best practices') will be required in order to calculate the expected losses of the lifetime of a loan? Will this cost and expertise be burdensome to less sophisticated credit unions, or smaller asset-sized credit unions?"

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**The Wisconsin Credit Union League**

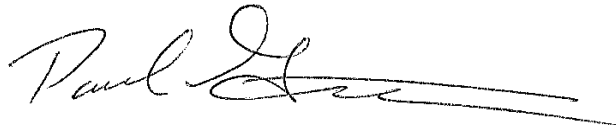
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The costs and burdens CECL would impose on credit unions are not outweighed by any perceived benefit. Our national counterpart – the Credit Union National Association – has pointed out:

CECL is intended to address delayed recognition of credit losses resulting in insufficient funding of the allowance accounts of certain covered entities. However, underfunding of allowance accounts has not generally been an issue for credit unions. Further, the typical user of a credit union’s financial statements is not a public investor—such as with large, public banks—but instead is the credit union’s prudential regulator, the National Credit Union Administration (NCUA).

With the compliance costs and limited benefits in mind, we urge FASB to search for any opportunities to provide real relief to credit unions. Delaying the CECL compliance deadline is a start, but FASB can do more. For example, we ask it, at least, to collaborate with the NCUA in developing CECL compliance resources. Even with the proposed delay, it is critical that credit unions have sound implementation guidance well ahead of the effective date.

Sincerely,

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

Paul Guttormsson  
Vice President of Legal & Compliance  
The Wisconsin Credit Union League