League of Southeastern Credit Unions & Affiliates

Michael Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions
22 Inverness Parkway, Suite 200
Birmingham, AL 35242

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

Re: Proposed ASU to Delay Effective Dates of Financial Instruments Standards

9/16/2019

Technical Director,

The League of Southeastern Credit Unions & Affiliates (LSCU) appreciates the opportunity to comment on the proposed delay of the Financial Instruments Standards effective dates. We support the delay of the effective dates, primarily because there continues to be confusion and concern in implementing these standards, primarily with our smaller credit unions. The LSCU is a trade association that represents 339 credit unions in Alabama, Georgia, and Florida. Our mission is “to create an environment that enables credit unions to grow and succeed.” We believe that this delay will better enable our credit unions to adjust to these new standards.

While we do appreciate FASB’s consideration towards not-for-profits in proposing this delay, we still think these standards are applied inappropriately to credit unions. In our experience, many entities, particularly, larger non-primary regulators lack an understanding of our industry and an appreciation for our diverse operations and therefore cannot appropriately measure the difficulty in conforming to standards or regulations meant for entities dissimilar to credit unions.

Presumably, these standards have been created to mitigate the operational risks that were systematic in the financial sector leading up to and contributing to the Great Recession. However, credit unions were victims of, not contributors to, the behaviors that caused the crisis and therefore credit unions should not be subjected to corrective action over issues that did not originate in our industry. In fact, credit unions have generally managed to maintain appropriate reserves to mitigate the risks of our lending, which is known to be conservative, while our regulators are well equipped to step in to correct poor risk management, as has been amply demonstrated in those instances where credit unions engaged in risky lending.

Again, we appreciate and agree with the delay of these standards while we continue to emphasize that these standards are both unnecessary and inappropriate, as applied to credit unions. Please feel free to contact us if we can assist with better informing FASB on credit union operations or in educating our credit unions in the variety of changes FASB is proposing for them.

Sincerely,

Mike Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions