



October 18, 2019

The Honorable Bill Foster, Chairman
Task Force on Artificial Intelligence Financial Services Committee
2129 Rayburn House Office Building
U.S. House of Representatives Washington, DC 20515

The Honorable Barry Loudermilk, Ranking Member
Task Force on Artificial Intelligence Financial Services Committee
2129 Rayburn House Office Building
U.S. House of Representatives Washington, DC 20515

Re: “AI and the Evolution of Cloud Computing: Evaluating How Financial Data is Stored, Protected, and Maintained by Cloud Providers”

Dear Chairman Foster and Ranking Member Loudermilk:

I write to you today on behalf of the National Association of Credit Union Service Organizations (NACUSO) regarding your hearing on “AI and the Evolution of Cloud Computing: Evaluating How Financial Data is Stored, Protected, and Maintained by Cloud Providers.” NACUSO represents the collaborative initiatives by credit unions, which are undertaken through Credit Union Service Organizations (CUSOs).

NACUSO believes there is a serious need for a national data security standard for those who collect and store consumer information. While depository institutions have had a national standard on data security since the passage of the Gramm-Leach-Bliley Act (GLBA) twenty years ago, other entities who handle consumer financial data do not have such a national standard. We also believe that there is a need for a uniform national consumer data privacy standard as opposed to the inconsistent standards stemming from different state data privacy laws. As the Task Force examines cloud computing and financial data, we believe enacting national standards for the protection and use of information should be a priority.

NACUSO would also like to comment on aspects of the discussion draft of the Bill to amend the Bank Service Company Act. NACUSO, and our member credit unions and CUSOs, believe that cyber-security is an important issue, including the security of vendors that credit unions do business with. NACUSO is opposed to granting additional authority to the NCUA to examine third parties. NACUSO believes in a strong NCUA, but that the NCUA should stay focused on regulating credit unions. We believe in reducing regulatory burden by coordinating efforts among the financial regulators.

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In our view, NCUA lacks the expertise to regulate and examine any and all businesses that interact with credit unions. The necessary investment of agency resources to hire or contract with the broad level of expertise required to examine every company that enters into a contract with a credit union will bring about a dramatic and unnecessary increase in the size, budget and staffing of this federal agency.

How many new NCUA employees will be needed to review these thousands of credit union vendors doing business with over five thousand credit unions nationwide? It should be noted that, while the number of full time employees of the FDIC has decreased in response to the shrinking number of banks, the number of full time employees of NCUA has not, even as credit unions have decreased from over 12,000 to 5,300 over the past fifteen years.

NCUA is funded by assessments levied on the member-owned non-profit cooperative credit unions they regulate and insure. This means, simply, that it is the credit union members themselves who pay for the resources of NCUA – and any significant expansion of the agency. Prior to any such action dramatically expanding the scope of NCUA's regulatory power and imposing yet more costs on credit union members, the question from our perspective should be whether the expansion of the scope and the resultant increase in costs is necessary and justified.

It is the position of NACUSO that – if indeed cyber security is the primary focus of your committee - NCUA should be encouraged to take advantage of its affiliation with the Federal Financial Institutions Examination Council (FFIEC) to gain access to the examinations that are already being conducted by the FDIC and OCC of technology providers. A separate examination by NCUA is not necessary because the providers also serve credit unions. One of the purposes of the FFIEC is to coordinate the examination process for financial institutions of various types to eliminate costly duplication and redundancy.

Thank you for your attention to this issue and we stand ready to work with the Task Force as you continue to examine this important topic. Should you have any questions or require any additional information, please do not hesitate to contact me at 713-208-0989 or by email at Jack@nacuso.org.

Sincerely,



Jack Antonini
President & CEO