



**CUNA & Affiliates**  
A Member of the Credit Union System

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August 21, 2006

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Docket No. OP-1258

Dear Ms. Johnson:

The Credit Union National Association (CUNA) appreciates the opportunity to respond to the advance notice of proposed rulemaking (ANPR) requesting comments on the benefits and burdens of lowering or eliminating the threshold in the recordkeeping rule for wire funds transfers. CUNA represents approximately 90 percent of our nation's 8,800 state and federal credit unions.

### **Summary of CUNA's Comments**

- We oppose the elimination or lowering of the \$3,000 threshold. Such action would lead to additional, ongoing reporting requirements for funds transfer information. This would create additional burden, especially if reporting were required in real time.
- We also oppose additional reporting requirements specific to cross-border funds transfers.
- Before imposing any additional burdens with regard to wire funds transfers, we urge the regulators to carefully review whether the additional information would be useful and would outweigh the additional burden on the industry, as well as on credit union members and others who would be required to retrieve and provide the additional information.

Credit unions have historically supported government efforts to combat terrorism and money laundering. However, we do not support reducing or eliminating the \$3,000 threshold as there has not been sufficient justification for such actions which demonstrates how these changes would improve law enforcement in this



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area. Although reducing or eliminating the \$3,000 threshold may not substantially impact the price and types of funds transfer services that are offered, credit unions are currently struggling under the burden of complying with the ever increasing requirements posed by the Bank Secrecy Act (BSA) and anti-money laundering (AML) rules, and reducing or eliminating the current \$3,000 threshold will further increase this burden.

We believe law enforcement already has a wealth of information with regard to wire funds transfers. Before new burdens are imposed, credit unions want to be assured that the current information is being reviewed and analyzed to the extent possible and that any new requirements will prove useful to law enforcement, while minimizing the additional burdens on credit unions and others in the financial services industry.

Based on preliminary information from a limited sample of credit unions, it appears that at some credit unions approximately 40-50% of their wire transfers are for amounts less than \$3,000. For this group of credit unions, approximately 30-40% of credit union wire transfers are for amounts less than \$2,000 and 20-30% are for amounts of less than \$1,000. We also have information from other credit unions that report very few wire transfers that are over \$3,000.

Generally these transfers are provided to “established customers” under the recordkeeping rules for funds transfers and, therefore, credit unions would not have different practices in place as between “established” and “non-established customers.” However, additional information is collected for transfers in the amount of \$3,000 or more, such as payee addresses and beneficiary information.

This information shows that the burden would increase substantially if the \$3,000 threshold were eliminated. If, for example, 50% of a credit union’s wire transfers are for less than \$3,000, then imposing additional regulatory requirements for these transfers will essentially double the number of transfers that would now be covered under these requirements and the additional burden would be even more significant for those credit unions that currently report very few funds transfers above \$3,000. This burden would be further exacerbated for most credit unions that currently use manual processes to capture and retain the required information, as opposed to electronic processes.

This burden would also impact credit union members. They will be required to provide more information, which they may not have at the time they request the funds transfer. They will be frustrated if they have to leave the credit union to retrieve the information. Inconvenience for members at credit unions may also result if these transfer requests take longer to process, resulting in frustration for all members who are waiting for services at the credit union.

We are also concerned that eliminating or lowering the \$3,000 threshold could lead to additional, ongoing reporting requirements for funds transfer information.

Additional reporting requirements for funds transfer information, particularly if reporting were required in real-time, would be extremely burdensome for credit unions. We believe that the regulators may not be able to effectively analyze the large volume of information that would be generated. If the regulators can justify changes to this threshold, we strongly urge the regulators to collect more data on whether the burden on both regulators and financial institutions of such a requirement would outweigh the potential benefits to law enforcement before proceeding with a new proposal.

The Fed and FinCen have also requested comments on how this ANPR would affect financial institutions' cross-border funds transfer compliance requirements. Reducing or eliminating the \$3,000 threshold for cross-border funds transfers may have little impact on credit unions providing these services. However, at this time we would oppose an information reporting requirement specifically for cross-border funds transfers, especially a real-time reporting requirement.

Again, the regulators should carefully analyze the information they are already collecting, as well as consult with law enforcement on the potential benefits of such a reporting requirement so that the regulators can accurately weigh the benefits of any new requirements against the potential compliance burden on the industry. If the regulators intend to pursue rulemaking on cross-border funds transfers, we urge them to first issue an ANPR to gather data on the benefits and burdens for all affected parties before issuing any specific proposals.

Thank you for the opportunity to comment on the ANPR regarding the benefits and burdens of lowering or eliminating the threshold in the recordkeeping rule for wire funds transfers. If you have questions about our comments, please contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 638-5777.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Bloch', written in a cursive style.

Jeffrey Bloch  
Senior Assistant General Counsel