

September 11, 2017

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Charles E. Schumer  
Minority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Mike Crapo  
Chairman  
Committee on Banking, Housing  
& Urban Affairs  
United States Senate  
Washington, D.C. 20510

The Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing  
& Urban Affairs  
United States Senate  
Washington, D.C. 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Crapo and Ranking Member Brown:

On behalf of the trade associations representing nearly every community financial institution across the nation, we strongly urge you to support H.J. Res. 111, which will nullify the Consumer Financial Protection Bureau's (CFPB's) recent arbitration rule and preserve a critical dispute resolution tool for community financial institutions and the consumers they serve. As you know, the House of Representatives quickly approved H.J. Res. 111 in July. **Please vote YES when H.J. Res. 111 comes before the Senate.**

Community financial institutions are consumer- and community-focused institutions that thrive or fail based on their reputation for fair treatment of their members/customers. Reputation is a critical business asset to be protected and enhanced. The best marketing plan for these institutions is satisfied consumers. When complaints arise, these institutions are committed to resolving them in a fair, expeditious, and timely manner. When, despite their best efforts, a dispute cannot be resolved, some community financial institutions and their members/customers turn to arbitration, which provides an established, neutral forum for resolving the dispute.

For many community financial institutions, arbitration is a practical alternative to costly and interminable class action litigation. Class action suits serve the interests of trial lawyers at the expense of consumers who receive paltry settlements and community financial institutions who face exorbitant legal fees. Class action litigation can be ruinous for a community financial institution and the consumers that rely on them for financial services.

Unfortunately, in crafting its arbitration rule, the CFPB failed to heed the findings of its own report on the subject which suggest that arbitration offers a better process and outcome for consumers relative to class action suits. In the cases reviewed in the CFPB report, class members received a little over \$32 on average in class actions that took nearly two years. In arbitration proceedings, the CFPB found that the average award to a prevailing consumer was approximately \$5,400 and settlements were generally reached within five months.

For community financial institutions, loss of arbitration as a viable option would fuel continued industry consolidation, larger institutions, fewer communities without a dedicated institution and, ultimately, reduced consumer choice.

We urge you to put ordinary consumers before trial lawyers. Support H.J. Res. 111.

Thank you for your consideration.

Sincerely,

Credit Union National Association  
Independent Community Bankers of America  
National Association of Federally-Insured Credit Unions

CC: Members of the United States Senate