

March 28, 2005

Ms. Jennifer L. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Sent Via Email

RE: *Advance Notice of Proposed Rulemaking – Regulation Z; Docket No. R-1217*

Dear Ms. Johnson:

The Pennsylvania Credit Union Association (PCUA) appreciates this opportunity to provide comments to the Board of Governors of the Federal Reserve on its advance notice of proposed rulemaking to commence a review of the open-end credit rules in Regulation Z, which implements the Truth in Lending Act. The PCUA is a statewide trade association that represents nearly ninety (90%) percent of the approximate six hundred and sixty (660) credit unions located within the Commonwealth of Pennsylvania.

To respond to the Board's request for comment, the PCUA consulted with its Regulatory Review Committee (the Committee). The Committee consists of twelve (12) credit union CEOs who lead the management teams of Pennsylvania's federal and state-chartered credit unions. Members of the Committee also represent credit unions of all asset sizes. The comments contained in this letter reflect the input of the Committee and PCUA staff.

Format of Account-opening Disclosures:

One of our members expressed that the current format of account-opening disclosures provides the amount and type of information necessary for consumers to make informed choices. However, as financial service providers, we agree that both the government and industry should strive to continuously improve the clarity and understandability of disclosures to the broadest group of consumers. Accordingly, the usefulness and effectiveness of any suggested improvements to the format of account-opening disclosures should be validated through research and testing with consumer groups of differing academic and socio economic levels.

Credit Card Application Disclosures/"Schumer Boxes:"

At least one our members voiced concern in trying to link subsequent disclosures back to the original account-opening disclosures. Because of the complexity of account-opening disclosures, many credit union members unfortunately do not read them and certainly do not retain them for future reference. From our member's perspective, a requirement to include additional language linking subsequent disclosures back to original account-opening disclosures would cloud the subsequent disclosures without providing information that is meaningful to credit union members.

Ms. Jennifer L. Johnson
Secretary

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Disclosure Content:

The inconsistency in the content of disclosures may be hampering the ability of consumers to understand the terms and conditions of open-end credit. We encourage the Board to develop clear and concise model disclosures based upon the results of consumer research and testing but also allow some degree of flexibility for financial institutions to meet their unique operational and member/customer needs.

Additional Comments:

Any final amendments to Regulation Z should become effective at the same time. It is expensive for our industry and confusing to credit union members to receive multiple disclosures regarding the same account.

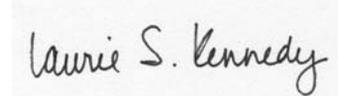
Finally, in reviewing the disclosures related to the cost of open-end credit to consumers, PCUA staff believes that it is appropriate to note, as an aside, that consumer fraud and abuse plays a sufficient role in increasing the cost of open-end credit to consumers. In general, PCUA is concerned that unless electronic payment associations, such as VISA and MasterCard, begin to more strenuously enforce and police their operating rules against merchants by requiring them to purge the magnetic strips containing confidential consumer account information from their systems, consumers will continue be financially harmed and inconvenienced by hackers that obtain credit card information for illegal purposes, and credit unions will continue to experience losses and incur unnecessary costs caused by fraudulent transactions.

Consumers should be apprised that it is not only the credit card issuers' responsibility to monitor and protect their accounts from fraud and abuse but that merchants and electronic payment associations need to also take responsibility in keeping the costs of open-end credit affordable for consumers.

Thank you again for this opportunity to provide comments. Please feel free to contact me or any of the PCUA staff at 1-800-932-0661 if you have any questions or if you would like to discuss the contents of this letter.

Sincerely,

Pennsylvania Credit Union Association



Laurie S. Kennedy
Associate Counsel

LSK:llb

cc: Association Board
Regulatory Review Committee
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J. Kilduff
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