540 I.B.E.W. Credit Union, Inc.  
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Sent via Email to director@fasb.org

September 16, 2019

Financial Accounting Standards Board  
401 Merritt 7  
P. O. Box 5116  
Norwalk, CT  06856-5116

Re:  Proposed Accounting Standards Update—Financial Instruments—Credit Losses (Topic 326)  
File Reference No. 2019-750

540 I.B.E.W. Credit Union appreciates the opportunity to submit feedback to the Financial Accounting Standards Board (FASB) regarding the current expected credit loss (CECL) standard and the delay of its effective date. We are a small credit union which serves the membership of I.B.E.W. Local 540 in Stark County as well as portions of 5 other counties in East Central Ohio.

Historically, financial institutions’ accounting methods recognized losses based on actual defaults or specific events that anticipated a loss. Representing a significant shift, in 2016, FASB issued new accounting standards, which included CECL. CECL accounting is premised on both historical and current loss and loss that is expected to occur in the future over the entire lifetime of a loan.

Since FASB issued CECL, stakeholders and interested parties, like our credit union, have submitted feedback to the agency regarding challenges with CECL implementation and compliance. Last year, FASB extended the effective date to January 2020. Since then, entities have continued to prepare for CECL implementation despite experiencing challenges, such as extracting data from core processors, overhauling accounting methods, determining the appropriate model, and adjusting internal controls and reporting systems.

540 I.B.E.W. Credit Union has just a little over $1 Million in Assets. We’ve had 1 charged off loan in the last three years. We’re still measuring and inputting some of the data which is needed to calculate CECL. Honestly, 540 I.B.E.W. Credit Union does not offer the categories of business and real estate loan types which CECL was designed to predict and work to properly forecast. Our Credit Union is nowhere near ready to implement the CECL standard, but we will work to be ready in January as necessity dictates.

As such, it is necessary that FASB afford the maximum amount of time for credit unions to prepare for CECL, which is why 540 I.B.E.W. Credit Union supports delaying the effective date for all other public business entities, including credit unions, until January, 2023. Additionally, our comment in full support of the delay in no way represents concurrence with the notion that the new CECL standard is necessary and beneficial (we do not agree that
it is) or that is should apply to financial cooperatives (we do not agree that it should).

While we appreciate FASB engaging with credit unions and laud the Board’s proposal to ensure all other public business entities receive enough time to prepare for CECL, we urge FASB to continue engaging with the financial services industry, especially credit unions and other community institutions which face challenges in preparing for CECL implementation.

We appreciate the Board’s commitment to engage with interested parties, especially those impacted by the new standard. Thank you for the opportunity to respond to this proposed accounting standards update.

Respectfully,

Kimberly Lowe
Administrative Manager
540 I.B.E.W. Credit Union, Inc.