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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

December 13, 2023

Ms. Jane Fraser
CEO
Citi
388 Greenwich Street
New York, NY 10013

Dear Ms. Fraser:

Following the December 6, 2023, Senate Banking, Housing and Urban Affairs Committee hearing entitled, “Annual Oversight of Wall Street Firms,” I urge you to take proactive action to ensure that servicemembers receive the benefits to which they are legally entitled.

Servicemembers’ steady income and frequent moves make them a frequent target for predatory financial companies and scammers. Congress passed the Servicemembers Civil Relief Act (SCRA) of 2003 to address this problem – providing active duty servicemembers with financial protection and ensuring they are not vulnerable to financial abuse. Among its protections and benefits, SCRA provides active duty servicemembers with a 6 percent interest rate cap on any pre-service loans.

Despite this interest rate benefit, SCRA is underutilized, costing servicemembers potentially millions. According to the Consumer Financial Protection Bureau (CFPB), members of the Reserves and National Guard get rate reductions for fewer than 10 percent of auto loans and 6 percent of personal loans. This failure to provide SCRA interest rate reductions cost servicemembers \$100 million between 2007-2018—money servicemembers should have in their bank accounts.¹

Active duty servicemembers have much on their mind, from deployment, to concerns about leaving their families, to returning home. Banks should not place the burden on servicemembers to request protections they are legally entitled to receive. Your financial institution can proactively ensure that active duty servicemembers obtain all the financial benefits provided to them under the law. In fact, the Department of Defense offers a simple, free resource—the Defense Manpower Data Center’s (DMDC) SCRA website—where lenders can confirm active

¹ <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-members-of-the-reserves-and-national-guard-paying-millions-of-dollars-in-extra-interest-each-year/>

duty status for customers.² Two credit card issuers³ and federal student loan servicers already have proactive and pro-servicemember policies in place,⁴ dramatically increasing the number of servicemembers receiving these benefits.⁵

To that end, we ask the following:

1. Does Citi proactively check authorized military databases, like the DMDC's SCRA site, to identify customers that may be eligible for SCRA benefits?
2. Does Citi automatically apply SCRA benefits for all accounts—mortgages, auto loans, credit cards, etc.—held at Citi for servicemembers?

At last week's hearing, you stated that, "[w]e are incredibly grateful for everything that they do for our country." To that end, if Citi does not already do so, I urge you to proactively check authorized military databases to identify customers that may be eligible for SCRA benefits and to automatically provide SCRA benefits (both retroactively and going forward) for all those accounts held by eligible servicemember. I hope to see these policies at your institution, our servicemembers deserve nothing less. I look forward to hearing your response, and working together to support servicemembers and their families.

Sincerely,



Sherrod Brown

Chairman

Senate Committee on

Banking, Housing, and

Urban Affairs

² <https://scra.dmdc.osd.mil/scra/#/home>

³ https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf

⁴ <https://studentaid.gov/sites/default/files/military-student-loan-benefits.pdf>

⁵ <https://www.gao.gov/assets/gao-17-4.pdf>