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National Association of Federally-Insured Credit Unions

May 26, 2021

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Re: Tomorrow's Hearing, "Holding Megabanks Accountable: An Update on Banking Practices, Programs and Policies"

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing to share NAFCU's thoughts ahead of tomorrow's hearing on "Holding Megabanks Accountable: An Update on Banking Practices, Programs and Policies." As you are aware, NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 124 million consumers with personal and small business financial service products. We thank you for your continued focus on oversight of our nation's megabanks.

Credit unions are proud to have been on the frontline helping consumers during the pandemic, working to ensure their members stayed afloat financially with programs ranging from skip pays to personal loans. Additionally, during the first round of the Paycheck Protection Program (PPP), credit unions were able to get desperately needed funds to many Main Street businesses that had been turned down by the same larger institutions appearing before the Committee. In many instances, these business owners joined the credit union solely because they were the only institutions working to get small dollar loans approved. As member owned cooperatives, credit unions have a rich history of helping their communities and working with their members during difficult times. Unfortunately, the trade groups representing many of the banks before you at the hearing continue to attack credit unions due to the competition they provide, ignoring many of the consumer abuses and fines that have occurred in recent years in their own industry. We hope that the hearing tomorrow can also help shine a spotlight on how credit unions help meet the needs of small businesses and consumers who are not always served by megabanks.

A prime example of this is the discussion draft of the "Expanding Financial Access for Underserved Communities Act," which would expand the ability of credit unions to add underserved areas to their field of membership (FOM). In 1998, as part of the *Credit Union Membership Access Act*, Congress provided federal credit unions with the ability to add underserved areas to their FOM. However, subsequent legal challenges by the banking industry over the reading of the statute led the National Credit Union Administration (NCUA) to limit this authority to only multiple common bond credit unions in 2006.

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As Congress grapples with ways to ensure that underserved and unbanked populations have access to affordable financial services, credit unions want to be able to help. Unfortunately, many credit unions are limited by the restriction on adding underserved areas to their FOM. One area where this legislation would be extremely helpful is in rural areas, many of which are underserved. According to a recent report by the Federal Reserve, between 2012-2019 credit unions grew their branch presence in rural areas by 2%, while community banks decreased rural branches by 5% and large banks decreased rural branches by 19%. Credit unions are proud to be at the forefront of efforts to expand financial services access to rural areas and want to do more. We urge the Committee to support this draft legislation that would allow all types of credit unions to add underserved areas and make it easier to make critical member business loans to small businesses in those areas.

Thank you for the opportunity to share our thoughts on this important topic. Should you have any questions or require additional information, please do not hesitate to contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at (571) 289-7550 or sjacobs@nafcu.org.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler

Vice President of Legislative Affairs

cc: Members of the Committee on Financial Services