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**National Association of Federally-Insured Credit Unions**

June 10, 2020

The Honorable Stephen Lynch  
Chairman  
Task Force on Financial Technology  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Tom Emmer  
Ranking Member  
Task Force on Financial Technology  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

**Re: Tomorrow's Hearing, "Inclusive Banking During a Pandemic: Using FedAccounts and Digital Tools to Improve Delivery of Stimulus Payments"**

Dear Chairman Lynch and Ranking Member Emmer:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to share our thoughts ahead of tomorrow's virtual hearing entitled, "Inclusive Banking During a Pandemic: Using FedAccounts and Digital Tools to Improve Delivery of Stimulus Payments." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 120 million consumers with personal and small business financial service products.

NAFCU is generally supportive of efforts to expand financial inclusion, but we are concerned that the proposal before the Task Force to create a new "FedAccounts" system in order for consumers to deposit stimulus payments may not realistically happen soon enough to help Americans during this crisis. It could also create major disruptions in the U.S. banking system that have not been fully vetted. NAFCU recognizes that it is critical that consumers have a fast and safe means to receive their much-needed economic impact payments (EIPs) during these uncertain times. To that end, we have worked to identify technical improvements to EIP delivery mechanisms through dialogue with Treasury. These improvements are designed to promote the fast and secure delivery of EIPs using electronic payment rails and direct deposit. NAFCU is open to continuing to work with Treasury and other financial agencies to advance the end goals of financial inclusion and better delivery of EIPs, but tasking the Federal Reserve with developing a wholly new retail banking operation would divert resources away from other important initiatives and overlook opportunities to improve the ability of credit unions to reach underserved or underbanked communities. Moreover, the Federal Reserve may not have the bandwidth to develop a FedAccounts system, and NAFCU believes its resources would be better directed toward finalizing FedNow, its proposed real-time payment system, so that Americans can more quickly receive their EIPs.

Instead of creating an entirely new paradigm via the proposed FedAccounts, to expeditiously promote financial inclusion, we suggest that you consider steps to take advantage of underused capacity in our current banking system. For instance, credit unions want to help Americans who are unbanked, underbanked or underserved by a financial institution, but many are statutorily limited in their ability to add underserved areas to their field of membership. Currently, only

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multiple common bond federal credit unions are permitted to add underserved areas to their fields of membership under the *Federal Credit Union Act* (FCU Act). As such, financial inclusion can be advanced by amending the FCU Act to allow all credit unions to add underserved areas to their field of membership.

As we have shared with you previously, credit unions want to help the American consumer, especially in turbulent times. Too many Americans do not have the access they need to vital financial services. Many credit unions have implemented programs to protect their members' financial health, including skipping payments without penalty, waiving fees, low or no-interest loans, loan modifications and no interest accruals. Expanding credit unions' ability to add underserved areas to their field of membership will allow more Americans to access these vital programs, including a safe place to deposit stimulus payments, all at no cost to the federal government.

In addition to consumers, small businesses stand to benefit if all credit unions are allowed to add underserved areas to their field of membership. Credit unions have stepped up to ensure small businesses in their communities are taken care of during these uncertain times through the Paycheck Protection Program (PPP). Some of these small businesses have no other financial institution to turn to. As you know, small businesses in rural and underserved areas may have limited access to lenders. Allowing all credit unions to add underserved areas will open the door to more lenders being able to help those in rural and underserved markets.

This request to expand credit unions' ability to serve underserved areas has bipartisan support from National Credit Union Administration (NCUA) Chairman Rodney Hood and Board Member Todd Harper. It has also had bipartisan support in previous Congresses. We strongly urge you to include this proposal in your next pandemic response package.

We thank you for your leadership and ongoing efforts to support American consumers, small businesses, and financial institutions during these uncertain times. We appreciate the opportunity to share our input and look forward to continuing to work with the Task Force on these issues. Should you have any questions or require any additional information, please contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at (571) 289-7550.

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Task Force on Financial Technology