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The Honorable Gregory W. Meeks
Chairman
House Financial Services Committee
Subcommittee on Consumer Protection and Financial
Institutions
House of Representatives
Washington, DC 20515

The Honorable Blaine Luetkemeyer
Ranking Member
House Financial Services Committee
Subcommittee on Consumer Protection and Financial
Institutions
House of Representatives
Washington, DC 20515

Dear Chairman Meeks and Ranking Member Luetkemeyer,

On behalf of the Credit Union National Association (CUNA), I am writing to express our views ahead of the Subcommittee on Consumer Protection and Financial Institutions' hearing entitled, "An Examination of Regulators' Efforts to Preserve and Promote Minority Depository Institutions." CUNA represents America's credit unions and their 115 million members.

Credit unions are unique within the financial services sector because we have a values case for diversity, equity, and inclusion (DEI) that is rooted in our cooperative principles of "democratic member control and open and voluntary membership without discrimination;" philosophy of "people helping people;" nonprofit, member-owned cooperative structure which drives us to put our members' interests first; and our mission of promoting thrift and providing access to credit for provident purposes, especially for those of modest means. Significantly, credit unions' genesis story is about providing financial access to those who were previously excluded from the traditional financial sector.

Minority depository institution (MDI) credit unions represent an important way in which credit unions are fulfilling their mission by advancing financial inclusion and well-being for minority and underserved communities. Today, MDI credit unions represent approximately 10% of all credit unions and serve approximately 3.9 million members (representing 3% of all credit union members)¹.

CUNA estimates that during the twelve months ending June 30, 2019 MDI credit unions provided approximately \$337 million in direct financial benefits to their members as a result of lower rates on loans, lower fees, and higher rates on deposits compared to banks. These benefits are equivalent to \$88 per member or \$186 per member household². While significant, these figures underestimate the benefits MDI credit unions provide their members through financial access as well as tailored products and services designed to better serve their financial needs.

¹ National Credit Union Administration (NCUA), Credit Union Call Report, first quarter 2019, CUNA calculations and FDIC. Following the NCUA's definition, we use the term "Minority Depository Institution" for credit unions that have reported that over 50% of their current membership, potential membership, and board members are Hispanic American, Black American, Asian American, Native American, or a combination of multiple groups. We include both federally-chartered and state-chartered credit unions. Note the definition of an MDI has changed over time. The change in definition of what qualifies as an MDI has contributed to the decrease in MDI credit unions.

² CUNA, "First Quarter 2019 Member Benefits Report: MDI Credit Unions." Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union noninterest income to obtain the total estimated benefits arising from fees. Note that these benefits represent averages.

The National Credit Union Administration's (NCUA's) MDI Preservation Program, which was approved in 2015 and is managed by the NCUA's Office of Credit Union Resources and Expansion (CURE), aims to encourage the preservation of MDI credit unions via technical assistance, educational opportunities, grants, outreach to understand the particular challenges MDI credit unions face and provide MDIs considering mergers support in identifying appropriate merger partners. This program represents a valuable resource for MDI credit unions because it offers an opportunity to bolster their sustainability.

CUNA supports NCUA's MDI Preservation Program, which we believe is well placed to support MDI credit unions' resiliency in the face of industry challenges and bolster the chances that minority and underserved communities continue to benefit from financial opportunities that MDIs provide.

On behalf of America's credit unions and their 115 million members, thank you for the opportunity to share our views.

Sincerely,



Jim Nussle
President & CEO