



Jim Nussle
President & CEO

Phone: 202-508-6745
jnussle@cuna.coop

99 M Street SE
Suite 300
Washington, DC 20003-3799

June 8, 2021

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

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

Chairwoman Waters and Ranking Member McHenry,

On behalf of America's credit unions, I am writing in strong support of the Expanding Financial Access for Underserved Communities Act. The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members.

Credit unions are committed to expanding access to a trusted, local financial partner at a time when banks are focused on cherry-picking branch locations and then closing those that don't meet stringent profit criteria. CUNA research shows that since 2004, nearly 7,000 bank branches were closed nationally. The National Community Reinvestment Coalition identifies 86 individual banking deserts that have been created by the net shuttering of those bank branches.¹ But credit unions reflect a solid commitment to serving local communities – opening a net of more than 1,400 branches during that period and expanding access to affordable financial services.² Research confirms that the decrease in access to branches harms local businesses, residents, and consumers due to reduced access to credit, higher loan interest rates, and lower intergenerational mobility.³

The Expanding Financial Access for Underserved Communities Act is a market-based solution that would make three changes to the Federal Credit Union Act to enable and encourage credit unions to serve underserved and abandoned communities and promote financial inclusion to all at no cost to the taxpayer.

First, the legislation would allow all federal credit unions to add underserved areas to their field of membership. Under current law, only multiple common bond credit unions can add underserved communities. Multiple common bond credit unions serve groups that have a definable common bond of association or occupation. Second, the legislation exempts business loans made by credit unions to businesses in underserved areas from the credit union member business lending cap. Finally, the legislation expands the definition of an underserved area to include any area that is more than 10 miles from the nearest branch of a financial institution. Currently, there are two other ways that an area can qualify as underserved: (1) Community Development Financial Institution (CDFI) Area⁴ or (2) New Markets Tax Credit Area⁵. Adding this third path for an area to be designated underserved is designed to address the epidemic of rural banking deserts and ensure the availability of cooperative financial services for all.

¹ NCRC, "[Bank Branch Closures from 2008-2016: Unequal Impact in America's Heartland](#)," Research memo, 2017.

² CUNA in collaboration with the University of Wisconsin Applied Population Lab uses FDIC and NCUA branch location data to examine geographic access to financial institutions finding credit unions are more likely than banks to locate branches in middle-, moderate- and low-income areas – both in urban and in rural settings. Banks are more likely to locate branches in upper income areas.

³ See for example: Mayer, E. (2018). [Big Banks, Household Credit Access, and Economic Mobility](#). Working paper and Nguyen, H. L. Q. (2014). [Do bank branches still matter? The effect of closings on local economic outcomes](#). Massachusetts Institute of Technology, Working Paper.

⁴ 12 U.S.C 4702

⁵ 26 U.S.C. 45D

Any serious discussion of policy remedies to address access to financial services to underserved or unbanked persons, businesses and communities must include breaking down barriers in law and regulation that keep credit unions from being part of the solution. Credit unions' field of membership restrictions and the member business lending cap shut out those that need access to mainstream financial services. This legislation is not a panacea to these exclusionary policies, but it does represent a solid step forward toward financial inclusion. We strongly support this legislation and appreciate its consideration.

Thank you for your leadership on this important legislation and look forward to continuing to work with you to advance the bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", written in a cursive style. The signature is positioned above the printed name and title.

Jim Nussle
President & CEO