



Jim Nussle  
President & CEO

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

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

July 20, 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

The Honorable Ed Perlmutter  
Chairman  
Subcommittee on Consumer Protection and  
Financial Institutions  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

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

Chairwoman Waters, Ranking Member McHenry, Chairman Perlmutter, and Ranking Member Luetkemeyer,

On behalf of America's credit unions, I am writing regarding the Subcommittee on Consumer Protection and Financial Institutions hearing entitled, "Banking the Unbanked: Exploring Private and Public Efforts to Expand Access to the Financial System." The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members.

Having been given by Congress a statutory mission to promote thrift and provide access to credit for provident purposes, credit unions exist to improve their members' financial well-being and advance the communities that they serve. This means ensuring that all consumers, regardless of residence or economic standing, have access to mainstream financial services provided by not-for-profit financial cooperatives. That is why we believe it is critical that underserved communities have access to a trusted, local financial partner as they save for retirement, respond to unexpected financial needs, and obtain loans for homes, cars, and businesses. Credit unions are eager to be that partner—but archaic field of membership restrictions prevent most from expanding more broadly to help those who are most in need.

The Expanding Financial Access for Underserved Communities Act would address the epidemic of the unbanked and underbanked in the United States by making it easier for consumers in areas without sufficient financial services providers to access credit unions. We strongly support this legislation, which 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) Area<sup>1</sup> or (2) New Markets Tax Credit Area<sup>2</sup>. 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.

Rather than create a new government program or increase federal spending, reforming archaic field of membership restrictions through the Expanding Financial Access for Underserved Communities Act is a market-based solution leveraging the success of the credit union model. This legislation breaks down barriers that keep credit unions from being part of the solution to address financial access for underserved and unbanked communities.

An additional challenge we face is in serving underserved and unbanked communities is the high regulatory burden to create new or de novo credit unions. Prior to the Great Recession an average of 7.7 de novo credit unions were created each year<sup>3</sup>. However, in the years after and in the wake of the implementation of Dodd-Frank, that average decreased to the creation of just 2.2 de novo credit unions per year<sup>4</sup>. Chartering a credit union is a time consuming and hurdle ridden endeavor – identifying capital sources, determining field of membership, developing a business plan, appointing a board of directors just to name a few. NCUA offers consulting services at no cost once a preliminary filed of membership is approved. But, it can still take three years or even longer to receive a charter.

Therefore, CUNA also supports the Promoting New and Diverse Depository Institutions Act which would require NCUA and other prudential regulators to conduct a study to assess the challenges by prospective de novo financial institutions and create a plan to increase de novo financial institutions in a way that promotes safety and soundness.

The Expanding Financial Access for Underserved Communities Act and the Promoting New and Diverse Depository Institutions Act represent a significant step forward toward financial inclusion. CUNA strongly supports these bills and appreciates their consideration. Thank you for your leadership and your consideration of our views.

Sincerely,



Jim Nussle  
President & CEO

---

<sup>1</sup> 12 U.S.C 4702

<sup>2</sup> 26 U.S.C. 45D

<sup>3</sup> NCUA annual reports (2000-2016)

<sup>4</sup> NCUA annual reports (2000-2016)