



About credit unions

Credit unions are the best way for consumers to conduct their financial services.

Credit unions benefit everyone — whether a member or not.

- // Credit union members save over \$10 billion each year by doing business with their credit union as opposed to a bank.
- // Bank customers benefit about \$4 billion, because credit unions are in the marketplace.

The not-for-profit credit union governance model relies on **one member, one vote**. Unlike banks, credit unions exist to serve their members, not investors.

Credit unions weathered the financial crisis well, but are now challenged by statutory restrictions, regulatory burdens and inconsistent examination practices including:

- // New regulatory requirements due to the Dodd-Frank Act and overreach by the BCFP;
- // A statutory cap on business lending;
- // Overwhelming number of merchant data breaches that cost credit union members millions; and
- // A restrictive capital definition.



Regulatory Burden

Credit unions accept that they operate in a regulated environment. However, since the crisis, the increased regulatory burden — which includes more than 200 regulatory changes — has stifled credit unions' ability to serve their members, impeding member access to safe and affordable credit union services.

- // When regulations aimed at Wall Street banks and abusers of consumers restrict or eliminate credit unions from offering services, consumers lose. It costs consumers time and money and limits their choices.
- // One-size-fits-all regulation does not work for Main Street — local credit unions, small banks and the consumers and small businesses they serve.
- // Over regulation has a rigged system favoring the largest institutions who can afford to comply with the "solutions" dreamt up in Washington — the very institutions that caused the crisis that hurt so many.



Preserving the credit union tax status

Credit unions are exempt from Federal income tax because of their structure and mission.

- // **Structure:** Member-owned, not-for-profit financial cooperatives.
- // **Mission:** To promote thrift and provide access to credit for provident purposes to their members.

The credit union tax status is good public policy.

- // During and following the financial crisis, Americans saw credit unions as a safe haven in the financial services sector. Credit unions continued to lend to consumers, homebuyers and small businesses when other lenders were unable or unwilling to do so.
- // Credit unions continue to serve all their members, including low-income consumers who are often neglected by traditional financial institutions or targeted by predatory lenders.
- // Credit union members benefit in terms of lower rates on loans, lower fees on services and higher returns on deposits.

A tax on credit unions would be a tax increase for 110 million American credit union members.

As Congress considers corrections to the 2017 law, we urge Congress to commit to preserving the credit union tax status.



Protecting consumers from data breaches

When a data breach occurs anywhere, credit unions and financial institutions bear much of the actual costs of the breach which include not just fraud, but the expenses of helping the consumer.

- // Credit unions are already strictly regulated with regard to data security and notification of data breaches to affected members by the requirements under the Gramm-Leach-Bliley Act (GLBA).
- // Merchants that accept cards for payment should be held to the same standards as the credit unions that issue the cards.

Members of Congress should enact legislation that elevates the data security standards and includes:

- // Strong national data protection and consumer notification standards with effective enforcement
- // Recognition of the data protection and notifications standards which banks and credit unions are already subject to under the GLBA
- // Preemption of state laws in favor of strong Federal data protection and notification standards
- // Ability for credit unions and banks to inform customers and members about where a breach occurred

Congress needs to support legislation that requires merchants that accept cards for payment to follow the same security standards as credit unions that issue cards.