



May 16, 2022

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

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

Dear Chairwoman Waters and Ranking Member McHenry,

On behalf of America's credit unions, we are writing about the committee mark-up of H.R. 7003, the Expanding Financial Access for Underserved Communities Act. The Credit Union National Association (CUNA) and the state credit union leagues and associations (the leagues) represent America's credit unions and their more than 130 million members.

H.R. 7003, the Expanding Financial Access for Underserved Communities Act, will enable credit unions to provide financial services to more communities in need, often areas banks have abandoned or shown little interest in serving.

Between January 2005 and March 2021, banks closed 7,812 net bank branches while credit unions opened a net of 1,439 credit union branches.¹ The decrease in bank branches demonstrates bankers' profit-over-people approach to financial services. The increase in credit union branches demonstrates that credit unions are not only committed to providing services to communities but are also committed to being physically present in those communities. According to the Federal Reserve, 18% of U.S. households are either unbanked or underbanked.² Without access to a local, trusted financial partner, consumers are likely to turn to predatory payday lenders and check cashers to make life work, exposing them to potential abuses by bad actors. Credit unions stand firm in our dedication and commitment to providing financial services to all Americans, including the most vulnerable.

The Expanding Financial Access for Underserved Communities Act is a market-based solution that would make three changes to the Federal Credit Union Act.³ These changes will enable and encourage credit unions to serve underserved and abandoned communities and promote financial inclusion, all at no cost to the taxpayer.

¹ Source: National Credit Union Administration (NCUA) and Federal Deposit Insurance Corporation (FDIC) data.

² Federal Reserve *Report on the Economic Well-Being of U.S. Households in 2020* (May 2021), available at <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-banking-and-credit.htm>.

³ 12 U.S.C. § 1759.

First, the legislation would allow all federal credit unions to add underserved areas to their field of membership. Under current federal law, only multiple common bond credit unions—which serve multiple groups—can add underserved areas.⁴ Community credit unions and single sponsor credit unions cannot add underserved areas to their fields of membership.

Second, the legislation would exempt business loans made by credit unions to members in underserved areas from the credit union member business lending cap. Currently, credit unions are subject to a cap of 12.25% of their total assets that can be allocated for business loans.⁵ This change will help foster reinvestment in abandoned communities and encourage job growth.

Finally, the legislation expands the definition of an underserved area to include New Markets Tax Credit areas and 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 or (2) an area that NCUA and FDIC determine is underserved by other depositories.⁶ Expanding the definition of underserved areas is designed to address the epidemic of rural banking deserts and ensure the availability of cooperative financial services for all. This change is designed to ensure credit unions can help rural communities that are currently without access to mainstream financial services.

Any serious discussion of policy remedies to address access to financial services to underserved or unbanked persons, businesses, or communities must include modernizing laws and regulations which prevent credit unions from serving those the banks have left behind. 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 free-market step forward toward financial inclusion and serving those who have been unable to access our nation's financial institutions.

Conclusion

On behalf of America's credit unions and their more than 130 million members, thank you for considering our views.

Sincerely,

Credit Union National Association
American Association of Credit Union Leagues

⁴ 12 U.S.C. § 1759(c)(2).

⁵ See 12 U.S.C. § 1757a.

⁶ See 12 U.S.C. § 1759(c)(2).

Alabama Credit Union Association
Alaska Credit Union League
Arkansas Credit Union Association – a political division of Cornerstone League
Association of Vermont Credit Unions
California Credit Union League
Carolinas Credit Union League – North Carolina
Carolinas Credit Union League – South Carolina
Credit Union Association of New Mexico
Credit Union League of Connecticut Inc
CrossState Credit Union Association
Dakota Credit Union Association
Delaware’s Credit Unions – Cooperative Credit Union Association
Florida Credit Union Association
Georgia Credit Union Association
Hawaii Credit Union League
Heartland Credit Union Association – Kansas
Heartland Credit Union Association – Missouri
Illinois Credit Union System
Indiana Credit Union League
Iowa Credit Union League
Kentucky Credit Union League
Louisiana Credit Union League
Maine Credit Union League
Maryland and DC Credit Union Association
Massachusetts’ Credit Unions – Cooperative Credit Union Association
Michigan Credit Union League
Minnesota Credit Union Network
Mississippi Credit Union Association
Montana’s Credit Unions
Mountain West Credit Union Association – Arizona
Mountain West Credit Union Association – Colorado
Mountain West Credit Union Association – Wyoming
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New Hampshire’s Credit Unions – Cooperative Credit Union Association
New York Credit Union Association
Northwest Credit Union Association – Idaho
Northwest Credit Union Association – Oregon
Northwest Credit Union Association – Washington
Ohio Credit Union League
Oklahoma Credit Union Association – a political division of Cornerstone League
Rhode Island’s Credit Unions – Cooperative Credit Union Association
Tennessee Credit Union League
Texas Credit Union Association – a political division of Cornerstone League
Utah’s Credit Unions
Virginia Credit Union League
West Virginia Credit Union League
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