

Welcome to the 2024 National Government Affairs Conference!

The world of financial services is ever changing and becoming more complex, competitive, and fraught with new regulatory challenges; however, the mission of credit unions' not-for-profit, cooperative model has not changed. As we return to Capitol Hill, as part of the GAC this year, we need to remind and help Members of Congress better understand that credit unions continue to uniquely serve the financial needs of their members, communities, and the underserved in each of their districts, that we are different in how we approach financial services, and the real threat that exists if credit unions continue to get treated like the largest banks in this country.

We must help them understand that credit unions' **STRUCTURE** is what makes them different and equips us to serve the needs of their constituents and their communities in ways that only credit unions can.

Credit unions bring tangible **VALUE** to their members through the not-for-profit, cooperative, member-owned model, and exist to serve and improve the financial well-being of those members through numerous programs that are tailor-fit to best serve them. Credit Union earnings are reinvested in the members, not paid out to stockholders. New government burdens, targeted toward Wall Street for-profit institutions, that are forced on credit unions, can and will further limit services and possibly harm those that Congress is looking to protect.

Take the opportunity to outline the **IMPACT** credit unions are making in the everyday lives of their members and communities by bolstering their financial well-being and stability. Through the not-for-profit, cooperative structure credit unions bolster savings, provide access to credit, and expand financial services to communities that are underserved and under-valued by other financial services providers.

As we head to Capitol Hill, we need to remain strong and consistent in our collective advocacy messaging as we showcase a unified voice to the GoWest Congressional Delegation, in partnership with America's Credit Unions and our other league partners. These upcoming meetings present a true opportunity to connect with key policymakers and allow us to share our individual credit union stories, and advocate for the following credit union priorities.

2024 GAC Main Areas of Policy Focus:

Protect the Credit Union Tax Status

Continue protecting the not-for-profit, cooperative structure that makes credit union's unique, and provides tangible value to their member-owners, supporting the needs of communities, and providing greater access to financial services for consumers and businesses.

Oppose Misguided Interchange Legislation and Proposed Reg ii Reductions by the Fed

Oppose expansion of the Durbin Amendment on Interchange to include credit cards, and actively oppose changes to Regulation ii to further reduce Interchange income for credit unions.

Don't Buy into the Myth of "Junk Fees" – Maintain Operational Flexibility to Serve Members

Support credit unions' ability to maintain operational flexibility and autonomy to offer the services that best fit the needs of their members by "right-sizing" regulation.

Expanding Opportunities for Credit Unions to Serve Consumers

Support legislation and policies that update the Federal Credit Union Act to provide operational flexibility and relevant products and services to meet member needs in the transforming financial services landscape.

Protection of the Credit Union Tax Status

Credit unions are not-for-profit, cooperative financial services providers.

Ask: Protect the tax status of the nation's not-for-profit cooperative credit unions as they continue providing real, tangible value to their members, supporting the needs of communities, and providing greater access to financial services for consumers and businesses.

- **Serving our members is at the heart of all we do!** Unlike for-profit financial institutions that are focused on providing profits to stockholders, credit unions reinvest their earnings directly in their members through benefits that might include competitive interest rates on savings, reduced rates for members on their credit cards and loans, dividends, financial education, and other relevant services consumers need to build a brighter financial future.
- **Simply put, credit unions are different,** and it is the **STRUCTURE** that delivers real tangible **VALUE** to member-owners - our elected officials' constituents - in each Congressional district, which makes a significant **IMPACT** on the communities of our state.
- Credit unions do not engage in risky ventures to gain higher profits but work to put money back into the pockets of their member-owners and bolster their overall financial position and should not be **painted with the same regulatory brush** as our for-profit counterparts or that of the growing group of unregulated financial services entities.

Oppose Attacks on Interchange Fees / Federal Reserve Reg II rules

Ask: Oppose expansion of the Durbin Amendment on Interchange to include credit cards. The misguided concepts outlined in the **Credit Card Competition Act** ([S. 1838](#) / [H.R. 3881](#)) will limit access to financial services, weaken data privacy efforts, and hurt consumers.

Background: Credit unions receive interchange fees to support card services, guarantee payment for purchases, and help to cover the cost of fraud. The small fees provided through a service contract help offset the cost of fraud through detection, theft protection measures, support for impacted consumers, replacement of cards and pin numbers that have been compromised, and to cover losses due to fraudulent charges or a data breach. Over the last decade, the cost of providing these services has doubled for credit unions while interchange fees have remained stable for merchants, which many have offset by passing along the costs of the fees to the very consumers buying the products they sell.

- Proposed legislation would extend price caps and network limitations on the Interchange system for credit cards, which supporters claim would increase competition in the payment space. The truth is -- healthy competition already exists. If passed, the legislation would in fact be a **huge windfall for the mega-retailers** at the expense of security of the payments ecosystem and the financial health of everyday consumers.
- Extending further caps and limitations on the Interchange system for credit cards will **reduce access to financial services**, and hurt the underserved or unbanked, especially in urban and rural banking deserts across the country. Reducing access to credit and banking services will only hurt constituents while benefiting large retail corporations.
- In many instances **retailers are already charging card processing fees to customers**, while asking Congress to breach a contract between two businesses in order to further advantage the financial position of one of the parties. If an environment of anti-trust truly exists, there are current laws and the court system to adjudicate those claims, rather than asking Congress to pick winners and losers in the marketplace.

- The use of debit cards remains extremely important to credit union members, and the negative impact of the original Durbin Amendment on debit interchange remains significant. **Less than 1% of promised “savings”** were ever passed along to consumers and continue to benefit retailers at the cost of protecting consumers and providing services.
- **Ask the Federal Reserve to “Stop and Study”** their proposed rulemaking to drastically reduce the Regulation II debit interchange fees, which if implemented would have significant impacts on credit unions, decrease the availability of free checking and increase other fees and costs by financial institutions to make-up revenue that covers fraud costs.
- Any effort to expand interchange price caps and limitations on card network selection, without first establishing a national data standard, threatens consumer data security and privacy, while further limiting consumers access to credit. **Wrong choice for Consumers!**
- The following reports all point to the significant pitfalls that would be caused by the passage of the so-called “Credit Card Competition Act”:
 - [Six Ways the CCCA Will Negatively Impact Consumers and FIs](#) – January 2024
 - [CRS In Focus Analysis](#) – released on December 13, 2023
 - [Progressive Policy Institute Analysis](#) - released in late September 2023
 - [Cornerstone Advisor Report](#) - released in late July 2023.

Overdraft Protection / NSF - Dispelling the Myth of “Junk Fees”

Ask: Members of Congress to help the nation’s credit unions maintain operational flexibility to offer the services that best fit the needs of their members and provide consumers with choice in the marketplace. This can be achieved by “right-sizing” regulation and allowing credit unions to offer the service that most effectively serve their members, while providing an alternative to predatory service options.

Background: The National Credit Union Administration (NCUA) and Consumer Financial Protection Bureau (CFPB) recently announced plans to clamp down on tailored, opt-in services offered to credit union members through various programs like overdraft protection, late payment penalties, courtesy pay, and non-sufficient funds (NSF). Credit unions have an opportunity to educate Members of Congress on how they use, not abuse, the opt-in service fees that support programs and member-focused tailored services. The nation’s financial regulators have over-generalized the concept of a “junk fee” and have lumped all financial services providers in with the predatory bad actors who are taking advantage of consumers.

As not-for-profit member-owned cooperatives, credit unions **do not want** their members to be in situations where they opt for predatory services such as payday loans. This is why we offer alternative programs including credit building programs, financial education, the ability for members to opt into overdraft protection programs, payday lending alternatives, and more. Credit unions prioritize the services and needs of their members and require the operational autonomy to determine what products and services best serve their member-owners, while allowing flexible product offerings and ensuring stable financial services for the long term.

- Credit unions have a **longstanding commitment to improving the financial lives** of their members through diverse product and service offerings. They also have a commitment to safety and soundness and managing their balance sheet to ensure a sustainable future as a not-for-profit business that can continue serving the needs of communities in our state.
- Credit unions **offer the flexibility of opt-in services** like overdraft protection and courtesy pay programs, which allow members to carry on confidently in their financial lives and meet commitments, especially during an emergency, without needing to resort to predatory lending outlets or products.

- Credit unions, owned by their members, and managed by a board of directors made up of members, have worked to reduce fees and impacts to members who utilize these services as an overall commitment to their members, including providing refunds for a certain number of overdrafts, eliminating overdraft fees for low-dollar expenses, establishing caps on overdrafts per day, and providing financial education and budgeting assistance to members who use the service.
- For-profit financial service entities hide, rename or shift their fees into other programs or products to gain a better appearance to public-facing consumer organizations and regulators. Credit unions provide members with a **transparent option to opt-in** to these programs and reinvest those fees into service options and products for their members.
- Eliminating the ability for credit unions to **offer member-requested, opt-in services** will have negative impacts on the overall ability to provide no-fee services, like truly 'free' checking or no-minimum balance accounts, which further impacts the financial well-being of all members, including those in most need of these services.
- Credit unions are reputable, regulated institutions and these programs are one of the numerous tools that allow us, as not-for-profit cooperatives, to meet our members' needs, maintain stable operations, and build trust with members at the same time.
- Make no mistake, if credit unions continue to receive the same treatment as the biggest banks, they will not survive as not-for-profit cooperative entities. Massive contraction in the industry will be unavoidable and consumers' choice in financial service providers will decrease, forcing many to seek out predatory businesses like payday loans and title loans.

Expanding Opportunities for Credit Unions to Serve Consumers

Credit unions are the community-based financial institutions serving local communities and constituents in your state.

Background: Credit unions exist to serve the needs of their members. Providing more opportunities for credit unions to serve a broader group of consumers will help diversify deposit options within each of our communities, while also reducing concentration risk in specific sectors of the financial services industry. This can be accomplished by eliminating archaic barriers in the marketplace and **modernizing the Federal Credit Union Act (FCUA)**. GoWest continues to work with its partners to strategize a holistic approach to updating the FCUA, as it has not been updated in earnest in over 30 years. Moving the legislation outlined below would be a great start to providing credit unions with the operational flexibility to better serve their members and communities that need financial service options.

Current Legislation and Policy Concepts Focused on Credit Union Act Modernization.

There are several policy concepts and introduced pieces of legislation, currently pending before Congress, that would provide some initial operational flexibility and allow credit unions to serve a broader range of their community and reduce operational hurdles, while a broader overhaul of the Federal Credit Union Act is strategically outlined and prepared for future years.

Ask: Support legislation and policies that update the FCUA and provide operational flexibility and service options for credit unions to better serve their members, while broadening the delivery of financial services to more consumers, small businesses, and communities.

- **Co-sponsor and support** the **Credit Union Board Modernization Act** ([S. 610 / H.R. 582](#)), which will update the Federal Credit Union Act to allow credit union boards to meet six times per year, rather than the current once-a-month requirement. *H.R. 582 was passed by the House early in the 118th Congress.*

Please Thank: **Senator Kyrsten Sinema (AZ)** for being the original sponsor of this legislation, and the following Senators for being co-sponsors of the bill:

Sen. Mike Crapo (ID)

Sen. John Barrasso (WY)

Sen. Cynthia Lummis (WY)

Rep. Brittany Pettersen (CO-7)

Rep. Russ Fulcher (ID-1)

Rep. Early Blumentauer (OR-3)

Rep. Derek Kilmer (WA-6)

- **Co-sponsor and support** the **Veterans Member Business Loan Act** ([S. 539 / H.R. 4867](#)), which would allow credit unions to provide loans to Veteran-owned businesses without impacting the credit unions' MBL cap, an arbitrary cap placed on credit unions 30 years ago as a concession to banks.

Please Thank: The following Members for being co-sponsors of the bill:

Rep. Andy Biggs (AZ-5)

- **Co-sponsor and support** the **Expanding Access to Lending Options Act** ([H.R. 6933](#)), which would allow the NCUA the flexibility to allow federal credit unions to make loans with maturities up to 20 years, where the current limit for most loans is 15 years, except that of primary residences which is allowed to be 30 years. This change would allow additional loan flexibility to support small businesses, agriculture, real estate investment, etc.

Policy Concepts to Support Credit Union Operational Flexibility for Future Bill Introduction

- **Eliminating the Member Business Lending (MBL) Cap** for credit unions that are eager to aid local small businesses with their access to capital and lending options, but an artificial cap has been established on business lending capabilities. Increasing the amount of loans that count against the MBL Cap for credit unions will broaden their assistance to small businesses and inject billions in available capital to assist businesses, rural development and create tens of thousands of jobs.
- **Increase maturity limits on all lending products** for credit unions from 15 years maturity limits to market standards, including broadening non-primary residence, small business, agriculture, and student loan maturity limits to better serve credit union members.
- **Expand and diversify investment options for credit unions**, including allowing them direct investment authority into financial technology companies.
- **Update outdated Field of Membership (FOM) statutes** to allow credit unions to serve a broader section of the population, not limiting them to where individuals work, attend school or church, and/or are geographically located, thus reducing banking deserts.
- Work with the credit union system to **maintain deposit insurance parity with for-profit banks for individual accounts, while establishing a targeted small business deposit insurance fund at the NCUA** that will protect payrolls and small business deposits, above deposit insurance levels within credit unions.
- Establish an equitable and efficient **interstate branching and acquisition structure** for the nation's credit union system to allow well-managed, well-capitalized credit unions to more easily serve a more migratory member population.
- **Ensure liquidity options for the credit union system:**
 - Modernize the NCUA's Central Liquidity Fund (CLF), so it is an active liquidity source for the nation's credit unions, specifically allowing agency relationships for small credit unions and providing access to privately insured credit unions.
 - Ensure the Federal Home Loan Bank system remains mission focused as a key liquidity source for the nation's credit unions and community banks.
- **Good governance for the credit union system** including passing legislation to **update outdated and archaic restrictions** that impede CUs from providing services to members.

Additional Priorities for GoWest Credit Unions

Data Privacy / Data Protection

Ask: Members of Congress to pass legislation that would **provide a strong, national data protection and consumer notification standard** with effective enforcement provisions that preempt existing state laws and establishes a single baseline data standard to meet.

Background: Retailers, and other consumer-focused industries, do not face the same strict data security standards that financial Institutions are subject to under the Gramm-Leach-Bliley Act (GLBA); however, major merchant data breaches expose credit unions to significant monetary costs, fraud reimbursement expenses, and significant reputational risks.

- In recent years, individual states (12+) have begun passing their own individualized state data use, data protection, and notification standards, which differ widely from state to state. This has begun to make an impossible compliance patchwork of regulation for community-based financial institutions that have members in states across the country.
- Late in 2023, the CFPB rolled out proposed regulations to establish “Open Banking” in the U.S. financial services arena. The proposed regulation includes data use rules for companies to provide consumers better control of their data and establish a personal financial data right; however, there is no national data standard from Congress on which to base this regulation.

SAFE/SAFER Banking Act

Ask: Congressional offices in AZ, CO, OR, WA, and WY to co-sponsor and support passage of the SAFER Banking Act ([S. 2860](#)) or the SAFE Banking Act ([S. 1323](#) / [H.R. 2891](#)), legislation to provide financial services to legal cannabis industries. **We urge Congress to Pass SAFE or SAFER Banking in the 118th Congress!**

Thank: Senator Jeff Merkley (OR)* for being the original sponsor of both the SAFE and SAFER Banking Act in this Congress, and the following members of the Senate and House for their co-sponsorship of these legislative measures:

Sen. Mark Kelly (AZ)
Sen. John Hickenlooper (CO)*
Sen. Cynthia Lummis (WY)*

Sen. Kyrsten Sinema (AZ)*
Sen. Ron Wyden (OR)*

Sen. Michael Bennet (CO)*
Sen. Patty Murray (WA)

Rep. Ruben Gallego (AZ-7)
Rep. Diana DeGette (CO-1)
Rep. Yadira Caraveo (CO-8)
Rep. Andrea Salinas (OR-6)
Rep. Suzan DelBene (WA-1)
Rep. Derek Kilmer (WA-6)
Rep. Adam Smith (WA-9)

Rep. Greg Stanton (AZ-4)
Rep. Joe Neguse (CO-2)
Rep. Earl Blumenauer (OR-3)
Rep. Lori Chavez-DeRemer (OR-5)
Rep. Marie G.-Perez (WA-3)
Rep. Dan Newhouse (WA-4)
Rep. Marilyn Strickland (WA-10)

Rep. Jason Crow (CO-6)
Rep. Brittany Pettersen (CO-7)
Rep. Suzanne Bonamici (OR-1)
Rep. Val Hoyle (OR-4)
Rep. Pramila Jayapal (WA-7)
Rep. Kim Schrier (WA-8)

(*Co-Sponsors both SAFE & SAFER Banking Act)

Background: A significant number of our members of Congress have worked diligently to pass the SAFE Banking Act in previous Congresses, in order to ensure that legitimate cannabis-related businesses can have access to financial institutions, such as their local credit unions, to safely and securely perform their financial operations without fear of federal retribution from the Department of Justice or federal regulators. The Senate has initiated momentum with the recent mark-up of the SAFER Banking Act in Senate Banking, and we need to get it over the finish line.

Bolstering Community Development Financial Institutions (CDFI)

Ask: Members of Congress to protect and promote the original intent of the CDFI program to allow low-income designated financial institutions to provide lending and business development opportunities in lower income and underserved communities.

Background: Credit unions have not strayed from their original mission and continue to provide their individual member-owners with an alternative financial services model, where deposits are utilized to improve the financial lives of all members, with the intent of creating opportunity. This model has resulted in a system that is resilient and has withstood numerous economic cycles relatively unharmed. Recent actions taken by Treasury appear to be shifting the focus and mission of the CDFI program, and we want to ensure credit unions can continue to support programs and projects that provide opportunity and stability for underserved people and communities within the CDFI system.

Related Legislation:

- **CDFI Transparency Act** – [S. 2674](#) / [H.R. 3161](#) - would require the CDFI Director to testify before Congress on annual basis if the Chair of the germane committee requests it.

Ask: Members of Congress to support and co-sponsor efforts to increase transparency in the CDFI program by providing regular or requested reports to Congress.

Thank: Rep. Brittany Pettersen (CO-7) and Senator Mike Crapo (ID) for being the original sponsors of this legislation, and the following delegation members for co-sponsoring the bill:

Rep. Derek Kilmer (WA-6)

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GO FORWARD.
GO TOGETHER.

