

Welcome to Washington, DC and our 2024 Spring Hike the Hill

It is a critical time to be in our nation's Capital as Congress grapples with a host of important issues and must pass legislation that will be considered before the pivotal November general election. At the same time, our regulatory leaders continue to contemplate current and future administrative regulations, which could have significant impacts on credit union operations. During our time on Capitol Hill and with our regulatory leaders, credit unions need to provide clear, concise credit union messaging, critical data, and individual stories about how your credit union is serving the needs and bolstering the financial well-being of your members and communities. These meetings present a true opportunity to connect with key policymakers and regulatory leaders, to share your credit union story, ask questions of our members of Congress, and advocate for the following credit union priorities:

Quick Glance - Current Credit Union Priorities

Protect the Credit Union Tax Status

Continue protecting the not-for-profit, cooperative structure and subsequent tax exemption that makes credit unions unique, and provides tangible value to their member-owners, supports the needs of communities, and provides greater access to financial services for consumers and businesses.

Credit Unions' Ability to Serve their Members & Communities Essential for the Future

Credit unions want to partner with our Members of Congress to help find solutions to issues that are critical to the future of our nation. How can credit unions partner with Congress on important issues, such as: Access to housing / housing affordability, support for small businesses, community development and broad access to financial services as well as financial literacy?

Establish a National Data Privacy / Data Protection Standard

The establishment of a strong, national data protection and consumer notification standard is critical to the future security of our nation as well as to the protection of consumers' individual data. As Congress looks to finalize legislation to establish a national data privacy and protection standard there are critical issues for financial institutions that should be considered.

Pass SAFE or SAFER Banking in the 118th Congress

Voters in a growing number of states have chosen to legalize the use of marijuana. Congress needs to take steps to ensure the public safety of legal cannabis-based businesses and provide access to financial services for those states that have made that determination.

Expanding Opportunities for Credit Unions to Serve Consumers

Support legislation and policies that update the Federal Credit Union Act to allow operational flexibility for credit unions to offer the products and services to meet member needs in the transforming financial services landscape. The Federal Credit Union Act has not been updated, in earnest, in over 30 years, while the financial services landscape has seen monumental change.

Protection of the Credit Union Tax Status

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

Ask Congress to: Maintain 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 delivering access to financial services for consumers and businesses.

- **Serving credit union members is at the heart of all we do!**
Unlike other financial institutions that focus 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 services consumers need to build a brighter financial future.
- **Simply put, credit unions are different,** and it is the not-for-profit, cooperative **STRUCTURE** that delivers real tangible **VALUE** to member-owners, the constituents in your 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 households of their member-owners and bolster their overall financial position. They should not be **painted with the same regulatory brush** as their for-profit counterparts or that of the growing group of unregulated financial service entities.

Credit Unions Serving Communities is in our DNA

Ask Congress to: Help credit unions to partner with Congress on critical, national issues.

- **Workforce and Affordable Housing** – is a critical issue in our nation and one that GoWest credit unions are actively involved in working to solve through first-time homebuyer programs, incentives, and development of unique solutions in partnership with our foundations.
- **Community Development and Rural Access** – credit unions play a key role in serving the needs of their communities and continue to build branches and provide financial services for small and rural communities.
- **Supporting Small Businesses** – credit unions have become a lifeline to small businesses who have been left behind by larger financial institutions whose singular focus is making a large profit versus providing access to credit for small businesses in our country.
- **Financial Literacy and Education** – credit unions are committed to helping their members become more financially savvy and work toward financial well-being.

IMPORTANT NOTE: Please include individual examples from your CU in these issue areas.

Establish a National Data Privacy / Data Protection Standard

Ask Congress to: Establish a strong, national data protection and consumer notification standard.

- GoWest advocates have been urging Congress to pass a national data privacy and protection standard for the last decade, and we are excited to see significant movement on this front with the recent rollout of the American Privacy Rights Act and hearings on the issue.

- 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 to work as a baseline.

Important areas of focus as a final data privacy bill is formulated:

- The **uniform preemption of current state laws** is important for establishing a strong and streamlined national data privacy/protection standard. Credit unions work diligently to comply with all applicable laws, but a ubiquitous data privacy / security standard must fully preempt state laws to manage the compliance burden of countless different standards, notices and disclosures.
- Credit Unions are required to comply with the Gramm-Leach-Bliley ACT (GLBA) regarding data privacy and data security compliance for financial information of our members. Data privacy legislation should include an **entity-level exemption** for those in compliance with the GLBA, as they are being regularly examined on their data security and compliance measures to protect consumers.
- Data privacy and data protection legislation needs to be specifically targeted and allow for curing actions when establishing **broad legal standing or a private right of action** for individuals following a breach of security or misuse of data, especially when the cause is outside credit union control, by a merchant or a third-party vendor.
- Treat state-chartered and federally-chartered credit unions equally regarding their compliance and oversight by state regulators and the NCUA.
- Data privacy / security legislation should include the requirement that **merchants and retailers** comply with the same strict **data security standards** that financial institutions are subject to under GLBA. Major merchant data breaches have exposed consumers and credit unions to significant losses and reputational risk.

SAFE / SAFER Banking Act

We urge Congress to *Pass SAFE or SAFER Banking* in the 118th Congress!

Ask Congress 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 ensure 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.

- This is a **public safety issue** for states and communities where voters have decided to legalize cannabis. Congress needs to take steps to ensure the safety of legal cannabis-based businesses and reduce the violence against staff that has been created by these cash-only businesses, as access to financial services is severely limited and scrutinized.
- We understand the Administration is considering rescheduling marijuana from a schedule I to a schedule III drug to allow for medicinal purposes; however, the need for SAFE Banking legislation still remains even if the FDA, HHS, DEA and the Justice Department collectively agree to reschedule cannabis.

Expanding Opportunities for Credit Unions to Serve Consumers

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.

Ask Congress to: Eliminate archaic barriers in the financial services marketplace by **modernizing the Federal Credit Union Act (FCUA).**

Current Legislation and Concepts Focused on Credit Union Act Modernization.

There are several policy concepts and introduced pieces of legislation currently pending before Congress, which would provide some initial operational flexibility and allow credit unions to serve a broader range of their community and reduce operational hurdles. Additional policy concepts outlined below should be taken up by Congress in order to take steps to modernize the severely outdated Federal Credit Union Act:

- **Credit Union Board Modernization Act** which will update the FCUA to allow credit union boards to meet six times per year versus the current once-a-month requirement.
 - **Ask the Senate to co-sponsor and support passage** of [S. 610](#)
 - **Thank the House** for passing the House version - [H.R. 582](#)
- **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 arbitrary MBL cap imposed on credit unions. This step will broaden assistance to Veteran small businesses, inject available capital available for all businesses, provide rural development and create new jobs.
- **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. 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 Arbitrary Member Business Lending (MBL) Cap** for credit unions that are eager to aid local small businesses with access to capital and lending options will better serve communities. Removal of the MBL Cap will broaden assistance to small businesses and inject billions in available capital to small 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.
- 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 serve a more migratory member population more effectively.

- **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.
- **Promote good governance for the credit union system** including passing legislation to **update outdated and archaic restrictions** that impede credit unions from providing services to members.

ADDITIONAL PRIORITIES FOR GOWEST CREDIT UNIONS

Opt-In Member Services Fees

GoWest does not plan to proactively discuss the issue of fees with all of our Congressional offices during the Spring Hike the Hill, as we do not have a specific ask of Congress at this time; however, we will likely have the opportunity to discuss the recent focus on fees in a few specific Congressional offices and want to ensure credit union leaders are prepared for the discussion.

This may come in the form of three main discussion possibilities:

- **In response to Congressional Questions:** *Be prepared to respond to questions during Hill meetings regarding fees.*
- **Targeted Democratic Offices:** *Providing the big picture context and background on the issue of fees as well as the potential impact on services.*
- **Targeted Republican Offices:** *Providing the big picture context and background on the issue of fees as well as the potential impact on services / share concerns regarding the Administration's rulemaking that places government caps and controls on the open marketplace.*

Prepping for Discussions: Please ensure you understand your credit union's data and talking points on fees (ODP / NSF and others) and are prepared to tell your story, if asked, so that we can provide crucial context for what your data shows, who you serve, and your credit unions' view on the opt-in fees you utilize to provide services to your members. For example, here are some points to consider as you prepare to meet with Members of Congress:

- Has your credit union conducted a review of fees recently?
- Have fees been reduced or changed, or is there a plan to do so in the future?
- How are fees communicated to your members? What feedback have you gotten?
- If you've reduced or eliminated fees or plan to in the future, what has been the member response?
- If you are asked about your credit union's NSF/ODP fees in comparison to bank NSF/ODP fees, share the reasons why looking at individual fees is an incomplete perspective. For a true comparison, one must look at all bank fees in relation to all credit union fees.

Additional Talking Points on ODP / NSF:

- Credit unions **offer their members 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.

- 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, courtesy pay programs, and payday lending alternatives.
- Credit unions, owned by their members, and managed by a member-elected board of directors, **have worked to reduce fees and impacts to members** who utilize these services, 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.
- **Credit unions prioritize the services and needs of their members** and require operational autonomy to determine what products and services best serve their member-owners, while allowing flexible offerings and ensuring stable financial services.
- 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.
- 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 choice 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.

Oppose Attacks on the Interchange System / Federal Reserve Reg II rules

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

- The **CCCA should proceed through normal Congressional order** and be considered fully by the relevant committees in regard to its impacts on consumers and financial services, not be attached to critical 'must pass' legislation, such as the FAA, NDAA or Farm Bill.
- **Credit unions receive interchange fees as part of a service contract to support card services, guarantee payment for purchases, and help to cover the cost of fraud.** The small fees are utilized to guarantee payment and offset all components of fraud including fraud detection, theft protection, support for impacted consumers, replacement of compromised cards / pin numbers, and to cover losses due to fraudulent charges.
- Over the last decade, the **cost of providing these services has doubled for credit unions** while interchange fees have remained stable for merchants. Still, many merchants have offset costs by passing along 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 your 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 offering services.
- **Pass the Federal Reserve – Reg II – “Stop and Study” Bill ([H.R. 7531](#))** to pause the Federal Reserve’s efforts to change Regulation II and debit interchange fees before studying the full interchange ecosystem. If the regulatory changes are made it would have significant impacts on credit unions, decreasing the availability of free checking and increasing other fees and costs necessary 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.

Bolstering Community Development Financial Institutions (CDFIs)

Ask 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.

- The CDFI program 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 Congress should ensure the established intent of the CDFI program and system are maintained.

Related Legislation:

- **Co-sponsor and support CDFI Transparency Act ([S. 2674](#) / [H.R. 3161](#))** – as it would require the CDFI Director to testify before Congress on annual basis if the Chair of the germane committee requests it, which would increase transparency in the CDFI program.

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