

We greatly appreciate the opportunity to meet with each of our GoWest Congressional offices. Below is a quick reference summary for the main areas of current policy focus, followed by detailed breakdown of those issue areas and some additional issues of importance.

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, 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 move 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 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.

- Continue protecting 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

How can credit unions partner with Congress on critical, national issues?

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. These are some areas we can collaborate to find solutions:

- **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.

Establish a National Data Privacy / Data Protection Standard

We urge Congress to pass a strong, national data protection and consumer notification standard with effective enforcement provisions that preempt existing state laws and establish a single baseline data protection / data security standard.

- 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.

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 bill 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 / security 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 of 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.
- Future 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!*

- Co-sponsor and support passage of the SAFER Banking Act ([S. 2860](#)) or the SAFE Banking Act ([S. 1323](#)), legislation to provide 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 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 and uses; 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 and businesses will help diversify deposit options within each of our communities, while also reducing concentration risk in specific sectors of the financial services industry.

Congress should work diligently 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:

- **Co-sponsor and support passage of Credit Union Board Modernization Act** ([S. 670](#)) which will update the FCUA to allow credit union boards to meet six (6) times per year versus the once-a-month requirement.

- **Co-sponsor and support** the **Veterans Member Business Loan Act** ([S. 539](#)), 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.
- **Develop a Companion Bill** for 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.
- **Promote 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

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

- **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](#)) will limit access to financial services, weaken data privacy efforts, and hurt consumers.
- Require the **CCCA to proceed through normal Congressional order** and be considered fully by the germane committees regarding its impacts on consumers and financial services, not be attached to critical 'must pass' legislation, such as the FAA, NDAA or Farm Bill Reauthorizations.

- **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 used 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, wherein fact -- healthy competition already exists. If passed, the CCCA would be a **huge windfall for the mega-retailers** at the expense of data security and the financial health of 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, picking winners and losers, within the business community. If an environment of anti-trust truly exists, there are current laws and the court system to adjudicate those claims.
- 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.
- 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 point to the significant pitfalls that would be caused by the CCCA:
 - [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

Bolstering Community Development Financial Institutions (CDFIs)

- **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.
 - **Co-sponsor and support *CDFI Transparency Act* ([S. 2674](#))** – requiring 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.

Ryan Fitzgerald
SVP, Advocacy
(c) 208.860.8072 | rfitzgerald@gowest.org

Madeline Robertson
Director, Federal Legislative Affairs
(c) 720.459.2463 | mrobertson@gowest.org