

## ***Thank you for joining the 2024 Fall Hike the Hill!***

We are so glad you are joining GoWest in our Nation's Capital as we work diligently and continue providing clear, concise credit union messaging and education to our six-state congressional delegation and key federal regulators. These upcoming meetings present a true opportunity to connect with key policymakers, to share your individual credit union story, and advocate for the following credit union priorities:

### **Quick Glance - Top 5 GoWest ASKs of Congress**

#### **1. Protect the Credit Union Tax Status**

Continue protecting the not-for-profit, cooperative structure and subsequent tax exemption that allows credit unions to provide tangible benefits to member-owners, support local community needs, and increase access to financial services for consumers and businesses. As the tax reform discussions for the 119<sup>th</sup> Congress begin to evolve and take shape – **protect the credit union tax exemption**, allowing consumers a choice in the financial marketplace.

#### **2. Oppose Efforts to Amend the EFTA to Shift Balance of Fraud Responsibilities**

Recently introduced legislation would amend the Electronic Fund Transfer Act (EFTA) and alter the definition of unauthorized financial transfers. This definition change would include fraudulently induced transfers, scams and consumer authorized transactions. This proposed shift in the balance of the EFTA would require credit unions and banks to reimburse consumers for scams that were initiated and approved by the individual consumer, which would be devastating to financial institutions and increase fraud and crime dramatically.

#### **3. 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.

#### **4. Protect the Liquidity Mission of the Federal Home Loan Banking (FHLB) System**

The Federal Housing Finance Administration (FHFA) has suggested some adjustments to the mission, membership requirements, and system dynamics of the FHLB system, which has raised some concerns for the future of liquidity options for traditional financial institutions.

#### **5. 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 relevant new products and services to meet member needs in a transforming financial services landscape. The Federal Credit Union Act has not been updated in over 30 years while the financial services landscape has seen monumental change. GoWest, and the national credit union movement intend to bring a robust package in the 119<sup>th</sup> Congress, and we would greatly appreciate guidance and support in this effort.

## Protection of the Credit Union Tax Status

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

**Ask Congress to:** **Protect the credit union tax exemption** as Congress undertakes comprehensive tax reform in the 119<sup>th</sup> Congress.

- **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.

## Oppose Changes to Reg 'E' and the EFTA, Shifting Fraud Responsibilities

**Ask Congress to:** Oppose the rebalancing of responsibility proposed in the "**Protecting Consumers from Payment Scams Act**" – [S. 4943](#) / [H.R. 9303](#)

- GoWest advocates strongly urge Congress to oppose the proposed changes to Regulation 'E' and the rebalancing of the **Electronic Funds Transfer Act (EFTA)** proposed in this legislation, as it sounds well intentioned, but it would shift liability for the misdeeds of fraudsters, criminals and bad actors to credit unions and other financial institutions.
- The EFTA was enacted in 1978 to protect consumers from fraud and errors in electronic transactions, and covers ATM transactions, online transfers and debit card transactions, but has a carve out for wire transfers and pre-paid card transactions.
- Credit unions and other financial institutions currently reimburse consumers for several iterations of fraud, from data breach losses to fraudulent transactions on lost / stolen cards to ensure the consumer is not hurt by the actions of bad actors and financial criminals.
- This legislation would drastically shift that balance by removing personal responsibility to fight fraud, requiring credit unions and other financial institutions to reimburse consumers for fraudulent wire transfers or misdirected payments that were initiated by the individual.
- Credit unions are the first line of defense to protect consumers against financial fraud and the security of member data, while simultaneously providing those members with convenient and affordable payment options. Credit unions are eager to be a proactive part of the effort to combat financial crimes and prevent unauthorized transfers and fraudulent transactions, but removing individual responsibility to exercise sound financial judgment over what is authorized will only further exacerbate and increase criminal behavior.

## Establish a National Data Privacy / Data Protection Standard

**Ask Congress to:** Establish a strong, national data protection & 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; however, additional steps need to be taken to protect credit union members and institutions.

- In recent years, individual states (17+) have begun passing their own unique state data use, data protection, and notification standards, which differ widely from state to state. This pattern results in an impossible compliance patchwork of regulation for community-based financial institutions that have members in each state in our Nation.
- 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 establishes a personal financial data right; however, there is no national data standard from Congress to utilize as a baseline.

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

- Credit unions are required to comply with the Gramm-Leach-Bliley ACT (GLBA) which includes strict data privacy and data security standards for the information of our members. New data privacy legislation should include an **institution-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.
- 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 overarching compliance burden of countless different standards, notices and disclosures across multiple states.
- 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. Moreover, it should ensure credit unions have an institutional legal standing to take action for third parties who have a breach that causes harm to credit union members.
- 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, as merchant data breaches have exposed consumers and credit unions to significant losses and reputational risk.

## **Protect the ‘Liquidity’ Mission of the FHLB System**

The Federal Home Loan Banking (FHLB) system is being reviewed for modernization and potential mission adjustment by their authorizing agency, the Federal Housing Finance Administration (FHFA) as outlined in their [FHLB at 100 Report](#), which came out last year.

**Ask Congress to:** Ensure any FHLB modernization does not erode the main mission of the system, which is to **provide liquidity for credit unions** and banks, while also providing affordable housing grants for American families.

- The FHLB system has modernized and evolved but remains true to its mission, continuing to provide liquidity to its member institutions, which capitalizes the bank system through required stock purchases and creates borrowing authority with Treasury.
- While this system can and should evolve, it is important to recognize the strength of the system and its more than 90 years of supporting a robust lending market that meets the modern-day needs of the American public.
- GoWest supports the expansion of membership in the FHLB system but would suggest restraining that expansion to insured and regulated depositories to limit the introduction of risk into the overall system.

- Limit repeated bank system usage tests for on-going members as a requirement to maintain FHLB membership.
- GoWest credit unions understand the need to modernize programs, when necessary, but doing so for the wrong reasons or changing the mission of a successful program is not the right reason and not the role of the FHFA, but the role of Congress.

## 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 the financial services sector.

**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.

GoWest and the national credit union movement are preparing a package of measures that would significantly overhaul the Federal Credit Union Act in order to modernize the severely outdated Act in the 119<sup>th</sup> Congress; however, there are several policy concepts and current 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:

- **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.

## ADDITIONAL PRIORITIES FOR GOWEST CREDIT UNIONS

### Opt-In Member Services Fees – Discussion in certain circumstances

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

**Prepping for Discussions:** Please ensure you understand your credit union's data and talking points on fees (ODP / NSF and others), if asked, so that we can provide crucial context for what your data shows, who you serve, and your credit unions' view on opt-in fees / member services.

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 / eliminated fees or have future plans to, have members responded?
- 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, courtesy pay, 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.

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 with regard to its impacts on consumers and financial services, not be attached to critical 'must pass' legislation, such as the NDAA or Farm Bill.
- Credit unions receive **interchange fees to help cover the cost of fraud**, support card services, and guarantee payment for purchases made by consumers.
- Proposed legislation would extend price caps and network limitations on the interchange system for credit cards, which supporters claim would increase competition, but 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.

- Less than 1% of promised “savings” were ever passed along to consumers under the Durbin Amendment and extending further caps / limitations on the interchange system for credit cards will **reduce access to financial services** and hurt the underserved or unbanked.
- 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.
- **Support and 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 costs necessary to make-up revenue that covers fraud.
- 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!**

## SAFE/SAFER Banking Act

### Ask 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 / H.R. 2891](#)), 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.

## 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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