Michigan Credit Union 2026 Top Federal Legislative Issues

MICHIGAN CREDIT UNION LEAGUE

FRAUD

- Fraud is costing consumers billions and continues to rise.
- $132B in payment fraud losses (2023).
- Scams cost consumers $12.5B (2024).
- Congress must act to combat fraud and support prevention efforts.

INTERCHANGE

- Oppose changes to the current interchange system
- Interchange funds fraud protection and zero-liability coverage
- Helps pay for fraud detection and monitoring tools
- Rising fraud increases pressure on credit unions

MODERNIZE THE FEDERAL CREDIT UNION ACT

- Update governance, membership, and lending rules.
- Expand investment authority and lending capacity.
- Increase access to capital and member savings opportunities.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI)

- Fully fund the CDFI Fund in FY27.
- Release FY25 and FY26 funding as appropriated.
- Modernize rules to expand CDFI access.
- Support certification and strengthen service in underserved communities.

DATA SECURITY AND PRIVACY

- Pass strong national data security and privacy laws
- Hold all organizations handling data accountable
- Financial institutions absorb most fraud losses
- Raise standards for protecting consumer data

CREDIT UNION TAX EXEMPT STATUS/CU DIFFERENCE

- Protect credit unions' tax-exempt status
- Credit unions are not-for-profit and member-owned
- Delivered over $1B in member benefits in 2023
- Serve more than 6 million Michiganders

Fighting Fraud

- ***Credit Union Ask:***
  Support legislation that addresses the root causes of fraud and direct resources to both law enforcement to help them investigate and prosecute fraudsters and to consumer education efforts.

- Credit unions are fighting a significant surge in fraud that is costing American consumers billions annually.
- In 2023 payment fraud losses amounted to $132 billion in the United States.
- In 2024, scams cost American consumers $12.5 billion.
- Check fraud is one of the fastest-growing types of financial fraud, with criminals using a mix of theft, scams, and technology to steal money and personal financial information.
- Current law requires financial institutions to make funds available within a specific short timeframe, even if there are red flags indicating fraud.
- The Strengthening Transaction Oversight and Preventing (STOP) Payments Fraud Act, H.R. 9331, sponsored by Rep. Young Kim (R-CA-40), would afford financial institutions more time to investigate suspicious checks and wire transfers, closing a gap often exploited by fraudsters.
- The Task Force for Recognizing and Averting Payment Scams (TRAPS) Act, S.2019, sponsored by Senator Mike Crapo (R-ID) and H.R. 4936, sponsored by Rep. Zachary Nunn (R-IA-3), is a bipartisan bill that would establish an inter-agency task force led by the Treasury Department to examine current trends and developments in payment scams.
- The Task Force would propose legislative and regulatory solutions and report annually to Congress to guide federal action.
- According to the FTC, fraud perpetrated through social media is significant and growing rapidly with consumers reporting aggregate losses of over $2 billion in FY25.
- The Safeguarding Consumers from Advertising Misconduct (SCAM) Act, S.3774, sponsored by Senator Ruben Gallego (D-AZ) and H.R. 7548, sponsored by Rep. Daniel Meuser (R-PA-9), would significantly reduce fraud occurring through online platforms by requiring these platforms to take reasonable steps that include:
  - Verifying the identity of the advertiser prior to the placement of a paid ad.
  - Deploying automated and manual systems that detect fraudulent and deceptive advertisements
  - Establishing an impersonation detection and mitigation program.
  - Creating a clear and conspicuous tool for users to report suspected fraudulent or deceptive commercial advertisements.

Federal Lawmaker Support

H.R. 9331:

Currently, no members of the Michigan delegation are co-sponsoring the bill.

S.2019/H.R. 4936

Currently, no members of the Michigan delegation are co-sponsoring the bills.

S.3774/H.R. 7548

Reps. Jack Bergman, Bill Huizenga, John Moolenaar, Shri Thanedar and Rashida Tlaib have co-sponsored H.R. 7548.

Interchange

- ***Credit Union Ask:***
  Oppose changes to existing credit card interchange system.

- Interchange fees are vital to credit unions as they help credit unions recoup the growing costs associated with credit card fraud detection, credit monitoring and, importantly, they allow credit unions to shield members **AND merchants** from fraudulent charges via zero-liability protection policies when bad actors strike.
- Increasing fraud and the possibility of reduced interchange fees pose a real threat to data security.
- Under the current interchange system, merchants benefit substantially through an increased number of transactions and larger transaction amounts as consumers spend more often and in higher amounts when using cards vs. cash.
- U.S. Senators Dick Durbin (D-IL) and Roger Marshall (R-KS) continue to press leadership to move S.3623, the Credit Card Competition Act (CCCA) in 2026, including attempting to add it to crypto legislation in the Senate Agriculture Committee.
- A companion bill (H.R.7035) was also introduced in the House by Rep. Lance Gooden (R-TX-5).
- The CCCA would decimate a credit card payment system that is efficient and effective, and protects consumers and their personal information and provides retailers with a fast, reliable and guaranteed method of payment that protects them from fraudulent payments, bounced checks and the significant costs and inherent risks that come from dealing with large sums of cash.
- The CCCA would encourage retailers, whose primary goal is to maximize profits, to choose cheaper card networks that haven't invested in the latest security technology. As a result, sensitive consumer payment data will be vulnerable to bad actors and foreign networks.
- Small financial institutions are harmed even with the $100 billion exemption that's likely to be in the bill. Changes to any part of this ecosystem will cause substantial ripple effects throughout the card network because the cost of running the card program will only increase, and those costs will be passed down to other system participants. This means those with the least bargaining power (e.g. credit unions, community banks, small businesses and consumers) will be greatly impacted.
- **Bottom line is the current system works and shouldn't be touched. Consumers win with access to easy-to-use credit; merchants win with guaranteed payments; and financial institutions win by being able to recoup the significant costs associated with providing safe and secure products to consumers.**
- While the CCCA has little chance of passing as a stand-alone bill, supporters continue to try and add the bill onto larger legislation and "must pass" legislation.
- Michigan credit unions urge members of the Michigan delegation to oppose all attempts to add the CCCA or similar legislation onto larger legislative packages or "must pass" legislation. Furthermore, we ask our delegation members to urge leadership in both chambers to reject attempts to add the CCCA or CCCA type legislation onto "must pass" bills.

Federal Lawmaker Support

Supports MCUL position:

U.S. Sens. Gary Peters and Elissa Slotkin and Reps. Jack Bergman (1st), John Moolenaar (2nd), Hillary Scholten (3rd), Bill Huizenga (4th), Tim Walberg (5th), Debbie Dingell (6th), Tom Barrett (7th), Kristen McDonald Rivet (8th), Lisa McClain (9th), John James (10th), Haley Stevens (11th), Rashida Tlaib (12th) and Shri Thanedar (13th)

Community Development Financial Institutions (CDFI) Fund

Credit Union Ask:

- ***Co-sponsor and support the passage of legislation that modernizes the CDFI Fund and improves program transparency, accountability and oversight.***
- ***Support full funding of the program at $330 million in FY27 and include bill language that requires the Treasury to disburse funding.***
- ***Call on the Fund to obligate FY25 program funds before 9/30/26 so they don't expire and request the OMB to apportion FY26 funds that were appropriated in early 2026.***

- The CDFI Fund has long been regarded as a successful bi-partisan supported program that efficiently leverages small amounts of public funds with private dollars to promote access to capital and local economic growth.
- The program brings innovative banking and lending solutions to areas that otherwise have limited access to capital, including rural, low-income and otherwise underserved/underbanked communities.
- The number of CDFI certified credit unions in Michigan has declined substantially from 30 in 2024 to 15 in 2026. Nationally, the number of certified credit unions fell from 519 in 2023 to 445 in 2025.
- Participation is declining for various reasons including, but not limited to:
    - New certification requirements have imposed more burdensome reporting and documentation demands that have negatively impacted all credit unions but have hit small/medium size credit unions especially hard because of their smaller staff size.
    - Several Michigan credit unions have lost their certification due to not meeting both target market thresholds of the Fund. Credit unions often satisfy the 60% target market test by number of loans but fail the same test by dollar amount, because a few larger loans, usually mortgages, to members outside the target market pull the dollar-weighted share below the threshold.
- MCUL is calling on Congress to:
    - Review program certification requirements and make changes that will promote credit union participation and reduce the reporting and documentation burdens that have come about in the past year.
    - Make changes to the dollar-volume target market test so a small number of larger loans outside the target market does not disqualify a credit union that clears the 60% test by number of loans.
    - Evaluate how the Fund determines CDFI investment areas. The State of Michigan has seen a dramatic reduction in investment areas over the past decade, although data indications residents in previously designated investment areas continue to struggle.
- Michigan credit unions urge Congress to pass the CDFI Fund Transparency Act, (S.2704, sponsored by Senator Steve Daines, R-MT) and H.R. 7775, sponsored by Rep. John Rose, R-TN-6). The bill would bring much needed transparency and oversight by requiring the Secretary of Treasury to testify annually before Congress on the operations of the Fund.
- The Fund has yet to obligate $289 million in FY25 funds appropriated by Congress. MCUL is urging the delegation to call on the Fund to obligate these funds by 9/30/26 or unused funds will be returned to the general fund. In addition, we are urging the delegation to call on the OMB to apportion the $324 million Congress appropriated for CDFI in FY26.
- We also encourage Congress to explore including language in future Financial Service and General Government Appropriation bills that prevent the Administration from holding on to program funds.

Data Security and Privacy

Credit Union Ask:

- ***Work with and urge leadership to pass comprehensive legislation that includes strong data security and privacy standards and holds all entities that collect, use or share personal data accountable.***

- Since 2005, over 12 billion records have been breached due to lax data security standards.
- The retail industry's self-policing and lack of meaningful security standards is woefully inadequate.
- Breaches have cost credit unions, banks and the consumers they serve hundreds of millions of dollars, and they have compromised the consumers' privacy, jeopardizing their financial security.
- Financial institutions are forced to assume the costs related to card replacement, fraud control, member communication and most, if not all, of the fraudulent transaction cost.
- Laws like the Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act (HIPAA) were once considered the gold standard in privacy and security but are no longer enough to keep data private and secure.
- It's time for Congress to act; patchwork efforts by the states aren't enough.
- Any new privacy law should include both data privacy and data security standards. Congress should enact robust data security standards to accompany and support data privacy standards.
- The new law should cover all businesses, institutions and organizations that collect, use or share personal data.
    - Any new law should preempt state requirements to simplify compliance and create equal expectation and protection for all consumers.
    - Breach disclosure and consumer notification are important, but these requirements alone won't enhance security or privacy.
    - The law should provide mechanisms to address the harms that result from privacy violations and security violations, including data breach.

Credit Union Tax Exemption/CU Difference

Credit Union Ask:

- *Continue to support the credit union not-for-profit tax exemption*

- Michigan credit unions serve **over 6 million members** throughout the state.
- Michigan credit unions are important job creators across the state, **employing 19,000 people.**
- Any changes to the not-for-profit tax exemption would represent a significant tax increase on credit unions and members.
- Reducing or eliminating the not-for-profit tax exemption would have the following consequences for members and non-members
  - Higher interest rates on loans, lower rates on savings accounts and CDs, higher mortgage and home refinance rates, and an increase on credit card interest rates and fees.
  - Many credit unions offer free checking and those accounts would start to disappear.
  - In addition, because the exemption allows credit unions to invest their profits in their communities via grants, scholarships, special programs/ services and financial literacy efforts, a loss of the exemption would significantly and negatively impact their work in communities.
- Michigan's not-for-profit, consumer-owned credit unions delivered over $1 billion in benefits in 2023 to both members and non-members.
- Credit unions represent a growing, but small segment of the state's financial sector
  - **Banks control 77% of deposits in Michigan.**
  - **Out-of-state banks control 64% of total bank deposits in the state, a share that has increased by 31.7% over the past two decades.**
- Nationally, 2 U.S. banks (JP Morgan Chase and Bank of America) individually control more assets than the total assets of all 4,600 U.S. credit unions.
- Collectively, our nation's banks have a near-monopoly presence in the market with a **91.2%** market share of total financial institution assets at the end of the 3rd quarter 2024.
- Credit union contributions in revenue accounted for a total of $36.3 billion in taxes in 2023 ($23.3 billion in federal taxes and $13 billion in state/local taxes).
- Established by Congress over 90 years ago, credit unions have a strong, positive reputation as member-owned, community-centered financial cooperatives.
- Congress designated credit unions as not-for-profit organizations because of their unique structure and mission within the financial service industry. Banks were created and operate under their own distinct structure with a mission different from credit unions.
- Congress has long recognized that different structures necessitate different tax treatments, not only in the financial service sector but throughout other areas of our economy.
- Banks can raise capital from the equity and bond markets. Credit unions can only raise capital through retained earnings.
- These important structural differences, as well as credit unions' commitment to serve the unique needs of the underbanked and local economies, has contributed to the bipartisan support for the federal and state corporate income tax exemptions.

NUMBER OF CREDIT UNIONS AND MEMBERS BY DISTRICT

1	35	514,000
2	16	230,000
3	20	733,000
4	10	763,000
5	13	460,000
6	6	355,000
7	8	710,000
8	17	746,000
9	2	4,300
10	10	309,000
11	13	667,000
12	9	525,000
13	10	105,000

Digital Assets/Cryptocurrency

Credit Union Ask:

- ***Congress must ensure credit unions maintain parity with fintechs and other financial institutions when it comes to the stablecoin and broader digital asset markets.***

- Credit unions and other traditional financial service institutions continue to gain interest in cryptocurrency as credit union members and the public at large become more comfortable with it and crypto matures.
- According to America's Credit Unions, 94% of household decision-makers are aware of cryptocurrency and 33% own crypto.
- 18% of households have indicated they're likely or very likely to switch financial institutions based on crypto services.
- According to a 2021 Deloitte study, three quarters of global financial executives believe failing to provide digital asset services will harm them competitively. These services include holding keys for members, trading on mobile devices or online banking, creating rewards programs and issuing stablecoins.

Elder and Vulnerable Adult Protection

Credit Union Ask:

- ***Please reach out to the ACL and express a need to include financial institutions with law enforcement in the exemption for sharing information, at least where states have affirmatively legislated them as part of a reporting and investigatory structure, and introduce/support legislation if necessary to ensure this.***

- In 2020, the Michigan legislature adopted the "Financial Exploitation Prevention Act" (FEPA) to create a system of training and reporting by financial institutions of suspected financial exploitation. The law applies to vulnerable adults and can be expanded to any member/customer of the institution. It is designed to help prevent assets from leaving the institution while it and law enforcement/APS investigates potential fraud and abuse.
- The financial institution reports to law enforcement/APS and is able to hold the assets (while still allowing needed transactions) while the investigation is ongoing, until law enforcement/APS notifies them otherwise.
- The federal Administration for Community Living (ACL) adopted a new "Clients Bill of Rights" in 2024 (effective in 2028) that will prevent state APS agencies from sharing information outside of law enforcement without the client's (the potentially abused/exploited person's) permission. This will potentially hamstring half of the reporting structure of the FEPA if APS is not able to share general status information with financial institutions that are preventing assets from being stolen during investigatory periods.

Credit Card APR/Interest Rate Cap

- ***Credit Union Ask:***
  Oppose legislation that would impose a 10% APR/interest rate cap on credit cards.

- The 10 Percent Credit Card Interest Rate Cap Act (S.381/H.R. 1944) was introduced in early 2025. The bill would cap credit card annual percentage rates (APRs) at 10%, inclusive of all finance charges.
- U.S. Senator Bernie Sanders (I-VT) is the sponsor of S.381 and the bill has three co-sponsors, two Democrats and one Republican. H.R. 1944 is sponsored by Congresswoman Alexandria Ocasio-Cortez (D-NY) and the bill has one co-sponsor, a Republican.
- President Trump has expressed support publicly for S.381/H.R. 1944.
- While it may seem beneficial for consumers on its face, it is important to note that a rate cap does not work for consumers in risk-based pricing.
- Higher risk consumers often require higher interest rates to compensate for the risk of default.
- Effectively one-third of all consumers in America are "subprime" borrowers. A reduced rate would likely result in markedly reduced access to credit – either no credit card or significantly reduced limits – rather than lowering their costs.
- Given that 37% of Americans would have difficulty funding a $400 emergency expense from their income or savings alone, credit cards are a lifeline for many families when "life happens."
- Economically, the consequences of the legislation are potentially severe.
  - Consumer spending is the lifeblood of the American economy, and Michigan businesses and tourism depend on free market access to credit to grow and thrive.
  - In 2024, consumer credit card purchase volume totaled $3.6 trillion.
  - **If consumers face arbitrarily restricted access to credit, Michigan businesses and our ability to attract business and tourism to our state, will suffer significantly as a result.**
- Credit unions are often the safest and most affordable financial services option for Michigan consumers that need access to credit.
- Credit union interest rates are already lower than that of banks and far lower than the rates quoted in the recent calls to action on this issue.
  - Nationally, the average credit union rate for a basic/classic card stands at 12.87%, with similar trends in other rewards-style offerings.
- Credit unions partner with schools and families to provide financial counseling and education as well.
  - Just last year, Michigan credit unions reached over 21,000 high school students through financial reality fairs and partnered with libraries and community organizations to provide age-appropriate financial education material to over 17,000 families with younger children.
- Rather than enforcing artificial and arbitrary price restrictions that actually diminish access and affordability, we should support financial education, expand access to nonprofit debt counseling, encourage refinancing opportunities for high-interest debt, and support entities like credit unions that are already offering strong and affordable financial services options in a responsible, risk-based manner.

Modernizing the Federal Credit Union Act & Other Important Reforms

MICHIGAN CREDIT UNION LEAGUE

- ***Credit Union Ask:***
  Co-sponsor credit union-supported legislation and urge leadership to pass the bills.

- The financial service industry is rapidly changing. Advancements in technology have significantly altered our society and how financial institutions do business, but the FCUA and implemented regulations have not kept pace.
- Consolidation continues to increase the average size of credit unions.
- Updating the FCUA has become necessary to ensure federally chartered credit unions have the powers and flexibility to be competitive, serve those who live in banking deserts and best serve their members.
- We are asking members of the delegation to co-sponsor the Veterans Member Business Loan Act, S.110, sponsored by Senator Dan Sullivan (R-AK) and H.R. 507, sponsored by Rep. Vicente Gonzalez (D-TX-34), that would exempt business loans to veterans from the member business lending (MBL) cap. The arbitrary government-imposed cap on business loans is set at 12.25% of a credit union's total assets and applies to loans over $50,000.
- Exempting loans to veterans from the cap would free up capital for veterans as they start up and grow their small businesses.
- The Expanding Access to Lending Options Act, S. 3616, sponsored by Senator Catherine Cortez Masto (D-NV) and H.R. 4167, sponsored by Rep. Scott Fitzgerald (R-5-WI), would allow federal credit unions to offer non-mortgage loans (e.g. student loans, agricultural loans and other business lending products) with a maturity limit of 20 years. Currently, federal credit unions are prohibited from offering many types of loan products with maturity limits beyond 15 years, which suppresses consumer choice.
  - MCUL is asking members of the delegation to co-sponsor the bill and urge leadership to pass it.
- H.R. 1799 (sponsored by Rep. Barry Loudermilk, R-GA-11), the Financial Reporting Threshold Modernization Act, and S.3011 (sponsored by Senator John Kennedy, R-LA), the Streamline Act, would raise the Currency Transaction Report (CTR) threshold from $10,000 to $30,000 and adjust the threshold every 5 years for inflation.
- The current $10,000 CTR level was established in 1972 (54 years ago) and is severely outdated.
- The CTR threshold would currently stand at approximately $75,000 if it were to be accurately adjusted for inflation since 1972.
- The outdated CTR threshold results in millions of common transactions, like used car purchases and small business cash deposits being reported which was not what Congress intended.
- A modest increase of the CTR threshold would reduce the number of CTR filings by nearly 80%, dramatically easing unnecessary compliance workload.
- H.R. 1799/S.3017 would also raise the Suspicious Activity Report (SAR) threshold from $5,000 to $10,000.
- The SAR threshold has not been adjusted since 1992.
- Adjusting the SAR threshold, along with the CTR threshold, would prevent routine transactions from being flagged as "suspicious" without cause.
- In 2020, the GAO recommended raising the outdated SAR threshold to reduce the flood of low-value reports that provide little value to law enforcement.
- H.R. 10082, the Credit Union Investment Authority Act, was introduced in mid-August and would allow federal credit unions to diversify their investments, providing federal credit unions parity with banks and other institutions that can already invest in a broader range of options.
- Access to a more diverse set of investment options would help federal credit unions manage their balance sheets, maintain safety and soundness, and continue to provide the most affordable financial services in the country.

Federal Lawmaker Support

S.110/H.R. 507

Currently, Reps. Jack Bergman and Shri Thanedar are co-sponsoring the bills.

H.R. 4167/S.3616

Currently, no members of the Michigan delegation are co-sponsoring the bills.

H.R. 1799/S.3017

Currently, no members of the Michigan delegation are co-sponsoring the bills.

H.R. 10082

Currently no members of the Michigan delegation are co-sponsoring the bill.