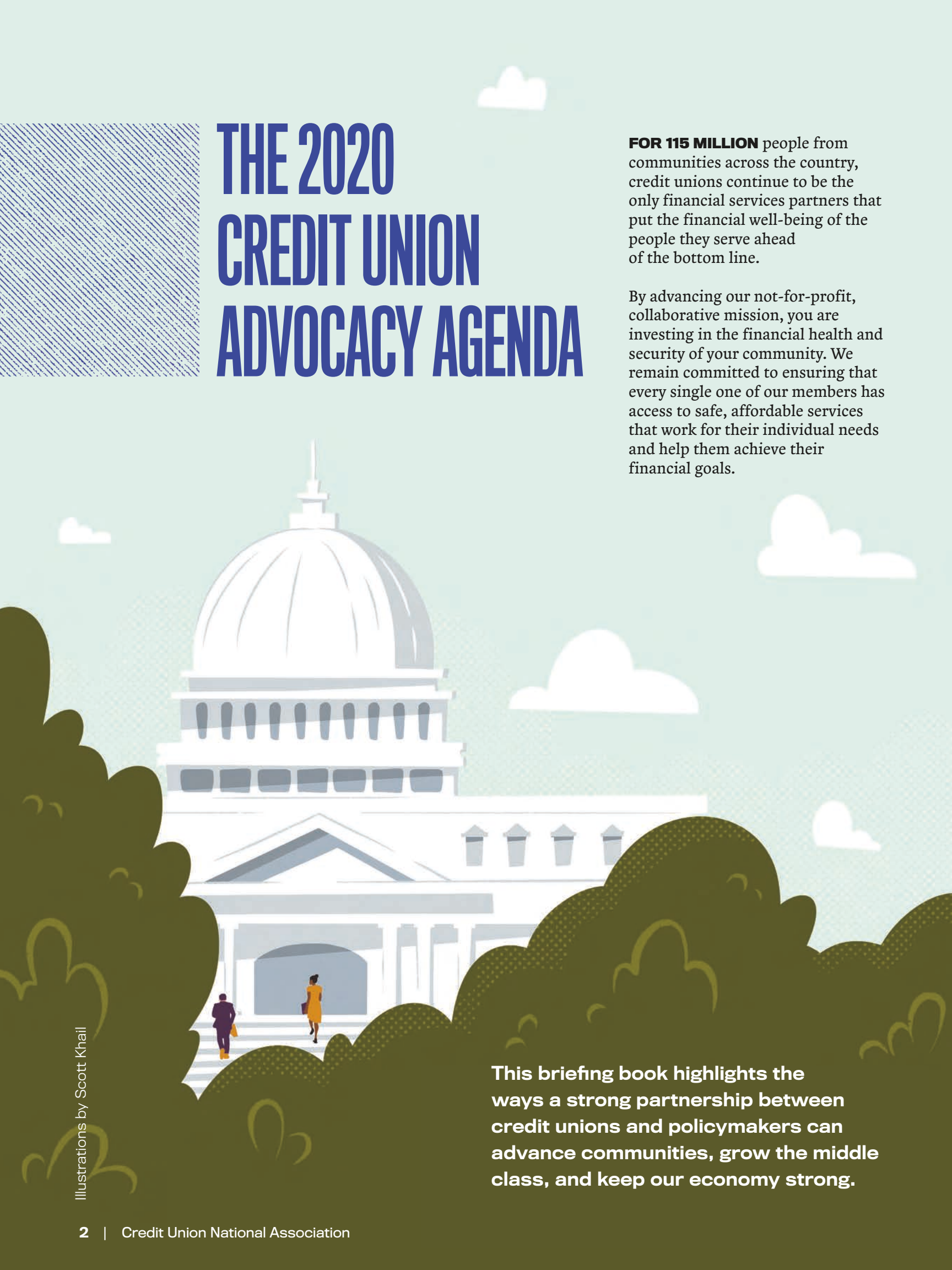




# CREDIT UNIONS ADVANCE COMMUNITIES And Empower Financial Well-Being

Making a difference in the lives  
of 115 million Americans

MICHIGAN



# THE 2020 CREDIT UNION ADVOCACY AGENDA

**FOR 115 MILLION** people from communities across the country, credit unions continue to be the only financial services partners that put the financial well-being of the people they serve ahead of the bottom line.

By advancing our not-for-profit, collaborative mission, you are investing in the financial health and security of your community. We remain committed to ensuring that every single one of our members has access to safe, affordable services that work for their individual needs and help them achieve their financial goals.

**This briefing book highlights the ways a strong partnership between credit unions and policymakers can advance communities, grow the middle class, and keep our economy strong.**

# Credit unions: Advancing communities and making a difference for 115 million Americans

Credit unions are democratically owned and controlled not-for-profit cooperative financial institutions. One member at a time, we serve diverse communities with our “People Helping People” philosophy.

Here are the key issues for credit unions and our members – and how Congress can help to better serve consumers.

- 04 Advancing communities**  
Every day, credit unions help deliver brighter financial futures to 115 million members and their communities.
- 06 Fostering financial resilience**  
For Americans worried about financial insecurity, America’s credit unions are there to ensure that members break the debt cycle and build wealth so they can achieve their own personal American dream.
- 08 Investing in Main Street**  
“People over profit” means credit unions work to get to yes when securing and growing your constituents’ futures.
- 10 Securing data for safer communities**  
A national data security and privacy framework will help credit unions keep your constituents safe.
- 12 Allowing credit unions to serve**  
Modernizing governance to allow credit unions to meet more local family and business needs will support community growth.
- 14 Securing your community’s future**  
Leveraging the \$1.9 billion tax exemption Congress continues to grant, credit unions delivered \$192 billion in economic benefit to members and non-members.
- 16 Retaining local access**  
As more communities continue to face the loss of a financial institution, credit unions are stepping in to preserve access to local financial services.
- 17 Continuing to serve the underserved**  
With a history of serving those shut out by traditional financial services, credit unions are committed to growing and advancing America’s middle class and serving diverse members.
- 18 The original consumer protectors**  
As not-for-profit cooperatives, credit unions aren’t driven to enrich investors, and we treat our members as if they own the credit union, because they do.
- 19 Supporting a future-ready NCUA**  
A strong, independent regulator that continues to modernize will help credit unions serve our members with a 2020-forward mindset.
- 20 Ensuring a robust housing market**  
Supporting housing finance reform will make sure that more communities have access to responsible, affordable homeownership.
- 21 Enhancing community safety**  
Legislation that allows credit unions and other financial institutions to responsibly serve cannabis businesses will get cash off the streets and into secure, legal depositories, keeping business owners and communities safe and secure.
- 22 Delivering the credit union difference to the world**  
Encourage USAID to increase funding and leverage underutilized partners like credit unions to expand the democratic, cooperative difference to developing communities around the world.



# ADVANCING COMMUNITIES

**LOCAL COMMUNITIES** are the life force of our country. The small businesses, schools, hospitals, and other institutions that make up our communities are only as strong as the people who keep them running – your constituents.

As not-for-profit, member-owned financial cooperatives, credit unions place your constituents' financial well-being ahead of a corporate bottom line, and we are committed to ensuring that your community remains strong and has opportunities to grow.

That's why over 115 million Americans choose to partner with credit unions to achieve their financial goals! Credit Union National Association and the Michigan Credit Union League are working to ensure credit unions can keep advancing communities across the country.

# THE BOTTOM LINE

Credit unions annually provide **\$670 million** to members in **Michigan** and **\$18.9 billion** in total financial benefit to consumers across the country through:

- ▲ Higher savings and returns
- ▼ Lower loan rates
- ▼ Fewer fees

Source: Datatrac, NCUA, CUNA

EVERY DAY,  
CREDIT UNIONS  
HELP DELIVER  
BRIGHTER  
FINANCIAL  
FUTURES TO  
115 MILLION  
MEMBERS  
AND OUR  
COMMUNITIES.

## Owned by our members, delivering for our members

Credit unions keep earnings local by reinvesting in our members and communities. We don't serve faraway investors seeking to turn a profit.

For credit unions, making sure consumers and small businesses have access to quality, affordable, people-first financial solutions is our primary goal.

# FOSTERING FINANCIAL RESILIENCE

## There When Life Happens

**FOR TOO MANY AMERICANS**, financial insecurity remains one of life's greatest worries. For America's credit unions, the primary goal is to ensure that members have access to responsible financial solutions that break the debt cycle and build wealth so they can achieve their own personal American dream.

**40%** of Americans would struggle to come up with \$400 for an emergency

Source: Survey of Household Economics and Decision Making, Federal Reserve (2018)

**“Your local credit union should be your first stop for borrowing money, especially if you have a fair or poor credit score.”**

NerdWallet (2019)



# THE BOTTOM LINE

CREDIT  
UNIONS ARE  
THERE FOR OUR  
MEMBERS AND  
COMMUNITIES  
- IN GOOD  
TIMES AND  
TIMES OF  
TROUBLE.

Credit unions of all asset sizes provide personal financial counseling and a range of resources to help people find solutions for their individual circumstances.

- Programs to manage medical debt
- Low-hurdle loans to help survivors of domestic violence make a fresh start
- Stopgap financial solutions when factories close
- Hurricane, fire, and flood relief funds
- Emergency auto repair aid
- Surprise medical billing support
- Payday alternative loans
- Adoption and fertility treatment loans
- Personalized debt-consolidation support

→ Over \$100 million in low/no-interest loans during the 2018-2019 government shutdown

Source: CUNA

**Across the country, short-term loans from credit unions typically have a 400% lower APR than payday loan companies**

Source: CFPB, NCUA, CUNA

# INVESTING IN MAIN STREET

## Building Hometown America

**SINCE 1934, CONGRESS** has charged credit unions with a mission to promote thrift and provide access to credit for provident purposes. For credit unions, that

mission means standing with our communities to help people improve their savings and invest in cars, homes, businesses, education, and more.



**Nearly  
1 million  
families**

The number of families that turned to their credit union last year for help getting the car that gets them to work, school, and beyond.

Source: NCUA, CUNA.  
Totals for year ending 9/19

**\$25.1  
billion in  
commercial  
loans**

The total value of commercial loans made by credit unions in the past year, with small business lending growing 5x faster than other lenders.

Source: FDIC, NCUA, CUNA

**Over  
386,000 jobs**

The number of jobs created through credit union commercial loans in the past year.

Source: NCUA, CUNA



300

Credit unions operate in schools, ensuring that tomorrow's leaders have access to a strong financial foundation.

Source: NCUA



Credit unions remain a small but vital force in the financial services sector. Though we make up just 7.5% of all depository financial institution assets, our economic impact nationally totaled \$192 billion last year.

Source: IMPLAN

# THE BOTTOM LINE

“PEOPLE OVER PROFIT” MEANS CREDIT UNIONS WORK TO GET TO YES WHEN SECURING AND GROWING YOUR CONSTITUENTS’ FUTURES.

# SECURING DATA FOR SAFER COMMUNITIES

## ▶ Strengthen data security and privacy

**EVERY YEAR, MORE PEOPLE** and organizations face the nightmare of cyberattack, identity theft, and online fraud. While credit unions are there to help members pick up the pieces when their personal identity is stolen, the lack of any nationwide policy that encases robust data privacy and security standards leaves millions of American consumers and businesses open to attack by rogue state actors and fraudsters.

## ▶ Keep data secure and private, no matter who holds it

Once considered the gold standard in security and privacy, narrowly focused laws like the Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Privacy and Accountability Act (HIPAA) are no longer enough to keep Americans' data private and secure.

It's time Congress passed legislation that holds all Americans' data – and those who keep the data – to modern high standards.

Since 2005, there have been more than 10,000 data breaches and more than 11.6 billion records exposed.

Source: Privacyrights.org





# THE BOTTOM LINE

PASS A  
NATIONAL  
DATA SECURITY  
AND PRIVACY  
FRAMEWORK  
THAT HELPS  
CREDIT UNIONS  
KEEP YOUR  
CONSTITUENTS  
SAFE.

## **Preempt state laws with a national data security and privacy law**

A strong national standard that preempts the California Consumer Privacy Act and other state laws would close glaring loopholes that hackers exploit to steal consumers' data.

# ALLOWING CREDIT UNIONS TO SERVE

## Delivering on the mission

**AS CONSUMERS LOOK** to make their money work for them, access to affordable, responsible solutions is paramount.

By reducing outdated restrictions on lending maturity limits and field of membership, Congress can help credit unions further deliver our people-over-profit services to **MORE STUDENT BORROWERS AND THOSE LOOKING TO START A LOCAL BUSINESS.**





# THE BOTTOM LINE

SUPPORT  
COMMUNITY  
GROWTH BY  
MODERNIZING  
GOVERNANCE TO  
ALLOW CREDIT  
UNIONS TO  
MEET MORE  
LOCAL FAMILY  
AND BUSINESS  
NEEDS.

## Small changes, big results

Bringing credit union governance into the 21st century will maximize the credit union difference in local communities. By supporting modernization, Congress can help:

- Provide relief to credit unions for loans made to groups such as farmers, veterans, minorities, and women
- Permit the establishment of their own fiscal year
- Eliminate a requirement to file certain information regarding loan officers
- Enhance flexibility for federal credit unions to schedule board meetings
- Remove outdated responsibilities of federal credit union boards of directors
- Allow the expulsion of disruptive members for just cause by the board or management
- Permit electronic balloting for conversions from state to federal charter and from federal to state

# SECURING YOUR COMMUNITY'S FUTURE

**FOR OVER 85 YEARS**, credit unions have been one of the strongest investments Congress has made in America's communities. As not-for-profit cooperatives, credit unions of all sizes deliver on our mission by returning earnings to our members and our communities, not to outside investors.

## Benefits to Members

- **Credit union net income is shared with all members**
- **Financial education**
- **Fewer fees**
- **Credit unions save members \$13.6 billion annually**
- **Easier access to credit**
- **Higher savings return**
- **Even non-members benefit by \$5.3 billion annually due to the presence of credit unions in local banking markets**
- **Lower loan rates**

Source: CUNA and Datatrac



Leveraging the \$1.9 billion tax exemption Congress continues to grant, credit unions delivered \$18.9 billion in financial benefits to members and non-members.

Source: Datatrac, CUNA

**Credit unions deliver financial benefits that are 10x the federal tax exemption.**

In addition to advancing our communities by strengthening financial well-being, credit unions account for nearly \$20 billion in local, state, and federal taxes annually, while our members pay another \$1.5 trillion in income taxes annually.

# THE BOTTOM LINE

Michigan credit union members paid \$64.7 billion in taxes.

Source: IMPLAN, U.S. Census Bureau, Wallethub.com

INVEST IN YOUR COMMUNITY'S FINANCIAL WELL-BEING BY PRESERVING THE CREDIT UNION TAX STATUS.



Credit union net income is shared with all members



While bank profits go to just a few shareholders

By investing in credit unions, Congress isn't just preserving **\$192 BILLION IN ECONOMIC IMPACT**. It's ensuring that your constituents retain access to a strong financial partner that puts their needs ahead of an investor's.

Source: IMPLAN

# RETAINING LOCAL ACCESS

## AS BANK BRANCH CLOSURES

create financial deserts, credit unions step up to provide basic access to critical financial services so communities can focus on financial well-being and empowerment.

As more and more community bankers look to sell their portfolios or otherwise end operations, many cite credit unions as the most attractive buyers.

## Since 2004...

▲ Credit union branches increased by more than 1,500

▼ Bank branches have declined by more than 4,700, mostly due to bank failures or low profitability

Source: FDIC, NCUA, CUNA

**2,000+**  
**acquisitions**

Banks of banks  
**\$1.7 trillion** in assets

**vs.**

**30**  
**acquisitions**

Credit unions of banks  
**\$4.7 billion** in assets

Source: 2012 to mid-year 2019 FDIC, NCUA, CUNA

## CREDIT UNIONS

- Keep earnings local by serving the community, not remote investors
- Offer better rates and lower fees than many national megabank buyers
- Retain more staff than competitors
- Offer cash – which can be taxed – rather than all-stock buyouts

## THE BOTTOM LINE

CONTINUE TO SUPPORT CREDIT UNIONS STEPPING IN TO SERVE COMMUNITIES FACING THE LOSS OF A FINANCIAL INSTITUTION.



# CONTINUING TO SERVE THE UNDERSERVED

**SINCE 1908, CREDIT UNIONS** have served those often shut out by traditional financial institutions. A reflection of their local communities, credit unions have continued to ensure that people from all walks of life have access to credit and the opportunity to build a strong and comfortable life.

Despite legislative restrictions on who we can serve, credit unions continue working hard to advance communities of every stripe.



## Credit unions are committed to growing and advancing America's middle class and reaching and serving diverse members

- Nearly 50% of credit unions focus on serving **low-income individuals**<sup>1</sup>
- More than half of credit union-originated home loans go to borrowers **earning middle incomes or less**<sup>2</sup>
- **3x as many credit unions vs banks are organized to serve specific minority communities**<sup>3</sup>
- **75% of credit union branches are in middle, moderate, and low-income communities**<sup>4</sup>
- Nearly 40% of credit unions are in **CDFI investment areas**<sup>4</sup>

<sup>1</sup>NCUA, <sup>2</sup>FFIEC, <sup>3</sup>NCUA, FDIC, CUNA <sup>4</sup>NCUA, U.S. Census Bureau, calculations by UW Applied Population Lab, CUNA

THE  
BOTTOM  
LINE

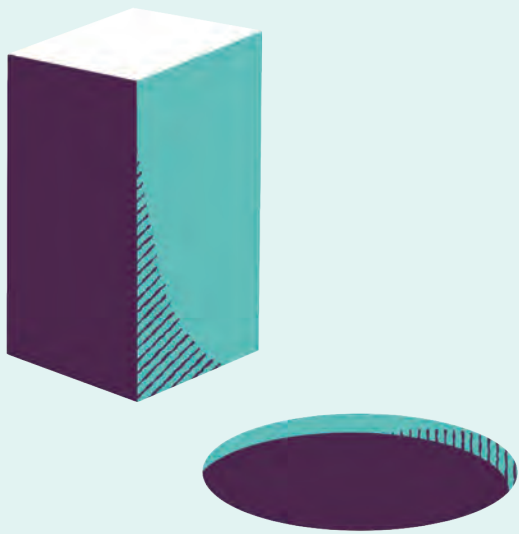
CREDIT UNIONS ARE AN EXTENSION OF OUR COMMUNITIES AND WORK TO UPLIFT OUR MEMBERS.

# THE ORIGINAL CONSUMER PROTECTORS

**CREDIT UNIONS** are the original consumer financial protectors. As not-for-profit cooperatives, we aren't driven to enrich investors, and we treat our members as if they own the credit union, because they do.

This difference comes with an eight-decade proven track record, and is why regulations should be tailored to expand, not limit, how credit unions can serve consumers.

Modernizing the CFPB can go a long way toward helping millions of Americans build and improve their financial well-being.



**Consumers lose  
when credit unions  
are treated like  
Wall Street banks.**

## **Establish multi-member leadership for the Consumer Financial Protection Bureau**

Under a single head, policies often change to match administrations, forcing credit unions to shift resources away from member financial well-being to play regulatory catch-up.

A commission model would stabilize consumer protection rulemaking, bring diverse perspectives, and ultimately create stronger, more consistent protections.

## **Tailor policies to fit credit unions' unique model**

The CFPB must wield its authority to exempt credit unions from regulations that are meant to rein in abusive Wall Street actors.

New rules applied to credit unions should be informed by the NCUA, which has a stronger understanding of the unique needs and abilities of America's not-for-profit financial cooperatives.

**THE  
BOTTOM  
LINE**

**ESTABLISH A MULTI-MEMBER COMMISSION AND TAILOR  
POLICIES TO STRENGTHEN CONSUMERS' FINANCIAL  
PARTNERSHIP WITH THEIR CREDIT UNION.**

# SUPPORTING A FUTURE-READY REGULATOR

**A STRONG, INDEPENDENT AGENCY** that continues to modernize will help credit unions serve our members with a 2020-forward mindset. Here's how the National Credit Union Administration can build on positive progress:



## 01 **Retain** the NCUA's independent status

A separate, independent federal regulator is essential to the safety, soundness and viability of the unique credit union system.

## 02 **Redraw** risk-based capital standard

The current system is more than adequate and it gives credit unions the flexibility to make portfolio decisions that benefit their communities.

## 03 **Shift** to technology-driven operations

Leveraging technology can streamline reporting, eliminate regulatory redundancies, and modernize credit union supervision.

## 04 **Fairly** examine credit unions

Credit unions nationwide should receive fair and appropriate examinations from all NCUA regional offices.

## 05 **Level** the exam playing field

Credit unions with less than \$3 billion in assets deserve the same 18-month examination cycle afforded to community banks.

## 06 **Promote** consumer access to credit

Reducing CECL's regulatory capital impact on credit unions will help ensure resources stay focused on consumers.

## THE BOTTOM LINE

A STRONG NCUA WILL HELP CREDIT UNIONS FOCUS RESOURCES ON MEMBERS, ENHANCING FINANCIAL WELL-BEING FOR MILLIONS.

# ENSURING A ROBUST HOUSING MARKET



**FOR WORKING CLASS AND RURAL FAMILIES**, access to responsible mortgage credit is vital to realizing the American dream. These key principles are crucial to ensuring that credit unions can continue to empower middle-class homeowners:

Equal access to a secondary market for lenders of all sizes provides consumers with more options when choosing a mortgage partner.

Predictable, affordable mortgage payments help qualified consumers realize their dream of homeownership.

A reasonable and orderly transition to a new housing finance system reduces costs and confusion for stakeholders and, ultimately, consumers.

Strong oversight and supervision ensure consumer safety and market soundness.

Durability, provided by an explicit government guarantee, ensures that the secondary mortgage market can continue to exist even in hard economic times.

Preserve what works, such as cost-effective and member-oriented credit union mortgage-servicing options, consumer education and home-purchase counseling, and applying reasonable conforming loan limits that adequately consider local real estate costs in higher cost areas.

Credit unions originated **\$152.2 billion in first mortgages**, helping 710,000 families realize the American dream of **homeownership—more than half** going to borrowers earning **middle incomes or less**.

Source: NCUA, FFIEC, CUNA. Totals for year ending 9/19

THE  
BOTTOM  
LINE

ENSURE THAT MORE COMMUNITIES HAVE ACCESS TO SAFE, AFFORDABLE HOMEOWNERSHIP BY SUPPORTING RESPONSIBLE HOUSING FINANCE REFORM.

# ENHANCING COMMUNITY SAFETY

## **AS COMMUNITIES ACROSS THE COUNTRY**

grapple with the conflict between state and federal cannabis policies, credit unions are playing an active role in helping get cash out of backpacks and shoeboxes, and off the streets.

While credit unions do not take a position on legalizing or decriminalizing cannabis, the current conflict between state and federal policies leaves state-legalized businesses in communities across the country with millions of dollars in cash on hand. This exposes many communities to higher crime and diminished security.

## **By passing legislation that allows credit unions and other financial institutions to responsibly serve cannabis businesses, Congress will:**

- ▶ **Move millions of dollars in cash off the streets and into monitored, regulated accounts**
- ▶ **Improve safety and security for countless towns**
- ▶ **Enhance financial well-being for thousands of businesses**



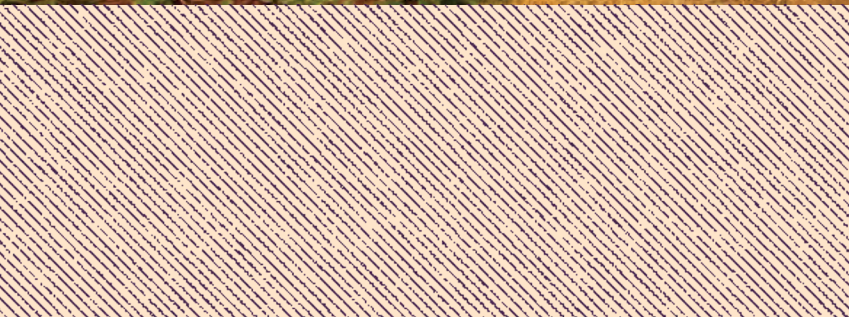
**THE  
BOTTOM  
LINE**

**PASS THE SAFE BANKING ACT OR SIMILAR POLICY TO  
KEEP BUSINESS OWNERS AND COMMUNITIES  
SAFE AND SECURE.**

# DELIVERING THE CREDIT UNION DIFFERENCE TO THE WORLD



Source: World Council of Credit Unions. Kenya. <http://bit.ly/WorldCouncil>



**Worldwide,  
85,400 credit unions  
serve more than  
274 million members  
in 118 countries.**

**WORLD COUNCIL OF CREDIT UNIONS**, the global credit union trade association and development agency, promotes the sustainable development of credit unions and other financial cooperatives around the world to empower people through access to high-quality, affordable financial services.

With support from private U.S. foundations and the U.S. government, World Council is working to promote economic freedom and growth, increase financial inclusion, expand financial access using mobile technology, help farmers and artisans obtain better prices for their goods, and fill the agricultural lending gap to enhance food security.



**THE  
BOTTOM  
LINE**

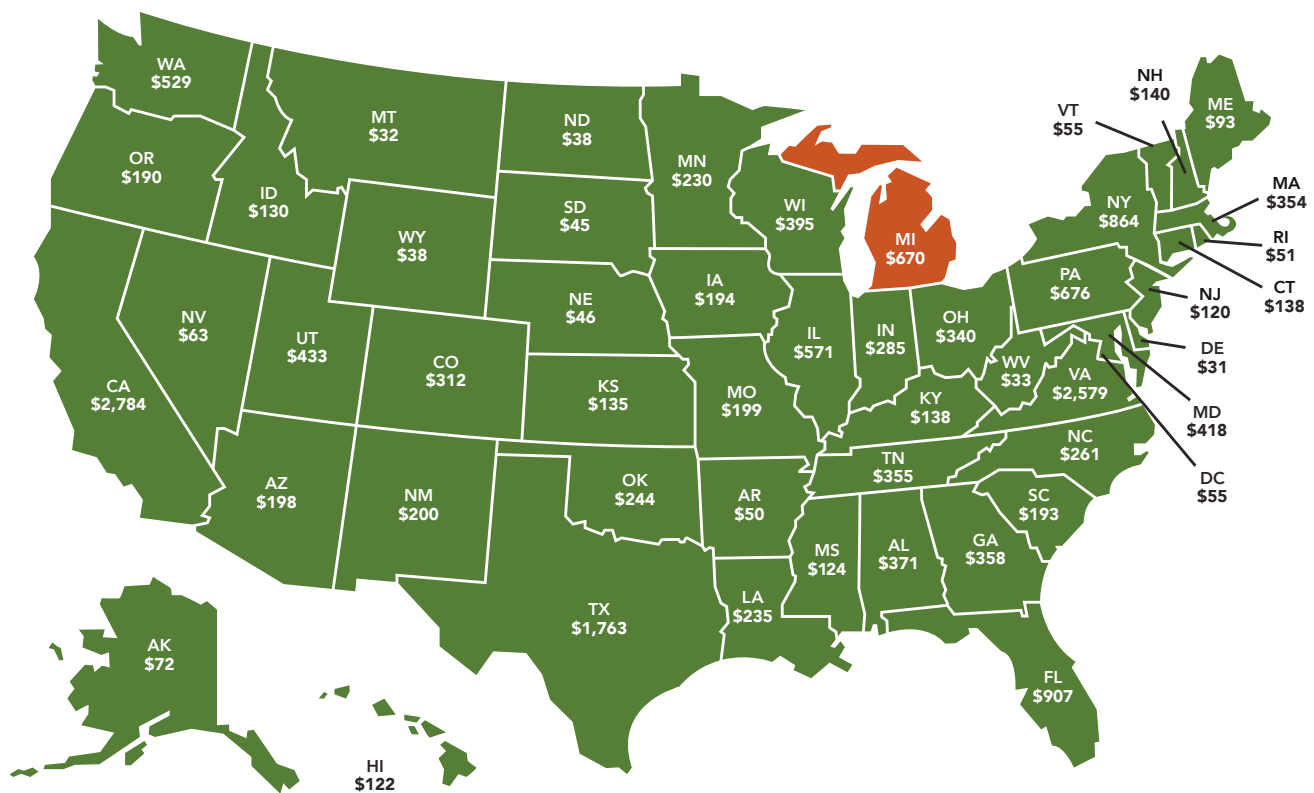
**ENCOURAGE USAID TO INCREASE FUNDING AND LEVERAGE UNDERUTILIZED PARTNERS LIKE CREDIT UNIONS TO EXPAND THE DEMOCRATIC, COOPERATIVE DIFFERENCE.**



# CREDIT UNIONS MAKE A DIFFERENCE IN MICHIGAN

## Total member and non-member benefits in millions.

Credit unions generally provide financial benefits to members through lower loan rates, higher savings rates and fewer, lower fees compared to other financial institutions.



Source: DataTrac and CUNA. Data as of September 2019.

**Credit unions provided members and non-members \$18.9 billion in financial benefits in 2019.**