



Credit Union Advocacy in 2016

Presented to Michigan Credit Union
League

April 21, 2016

The Credit Union Vision

**Americans Choose
Credit Unions as their
Best Financial Partner**

How will we achieve the Vision?

Remove Barriers

Create Awareness

Foster Service Excellence

Our Advocacy Goal

To create a more favorable operating environment for credit unions to serve their members through the removal of regulatory barriers and expansion of credit union powers and opportunities.

Our Agenda

- **Reduce regulatory burden**
- **Expand consumer and small business access to credit unions**
- **Engage in development of public policy on payments and data security**
- **Preserve favorable tax treatment of credit unions**

Remove **Barriers** so you can better serve your members

National Credit Union
Administration

Congress and State
Legislatures

Since 2007...

200+ Regulatory
Changes

Consumer
Financial
Protection
Bureau

Federal Reserve
Federal
Communications
Commission

Department of
Labor

Build on 2015 Accomplishments

Field of Membership
and MBL Relief

Privacy Notification
Modernization

Tax Status Preserved

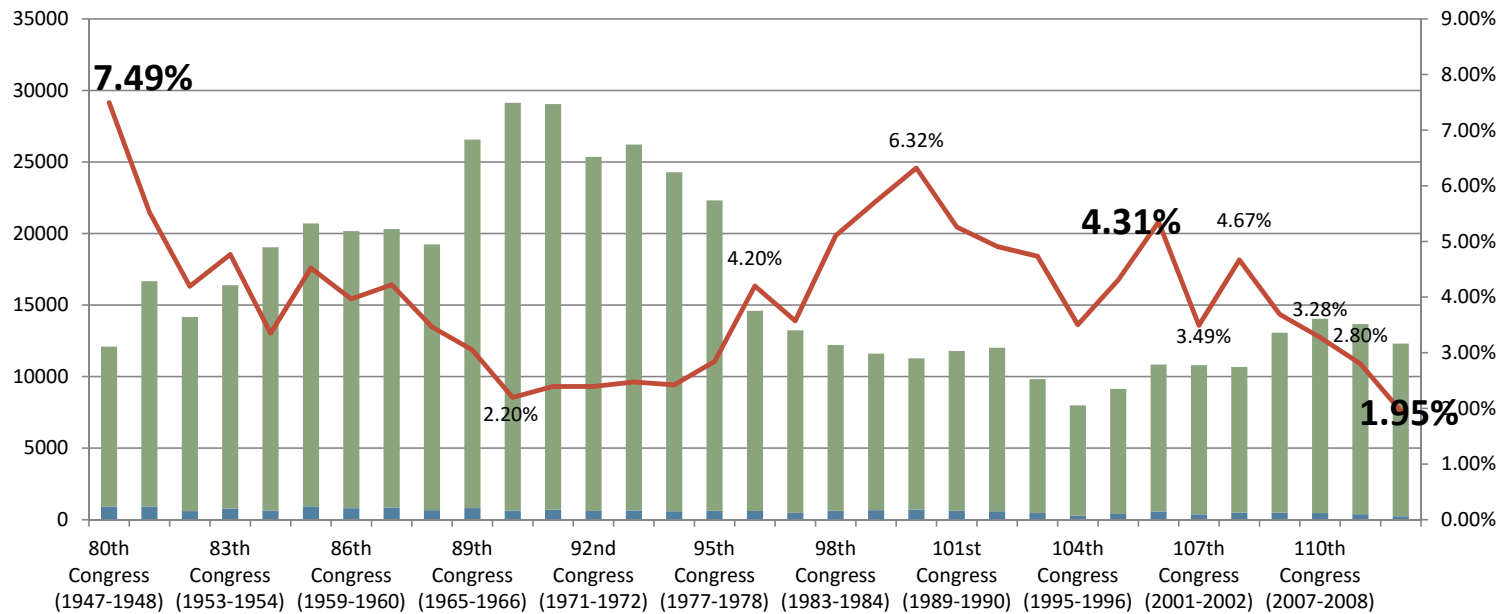
20+ Bills approved by
HFSC

Privately
insured
credit
unions
eligible to
join FHLBs

Advocating in court on
Data breach,
interchange, TCPA

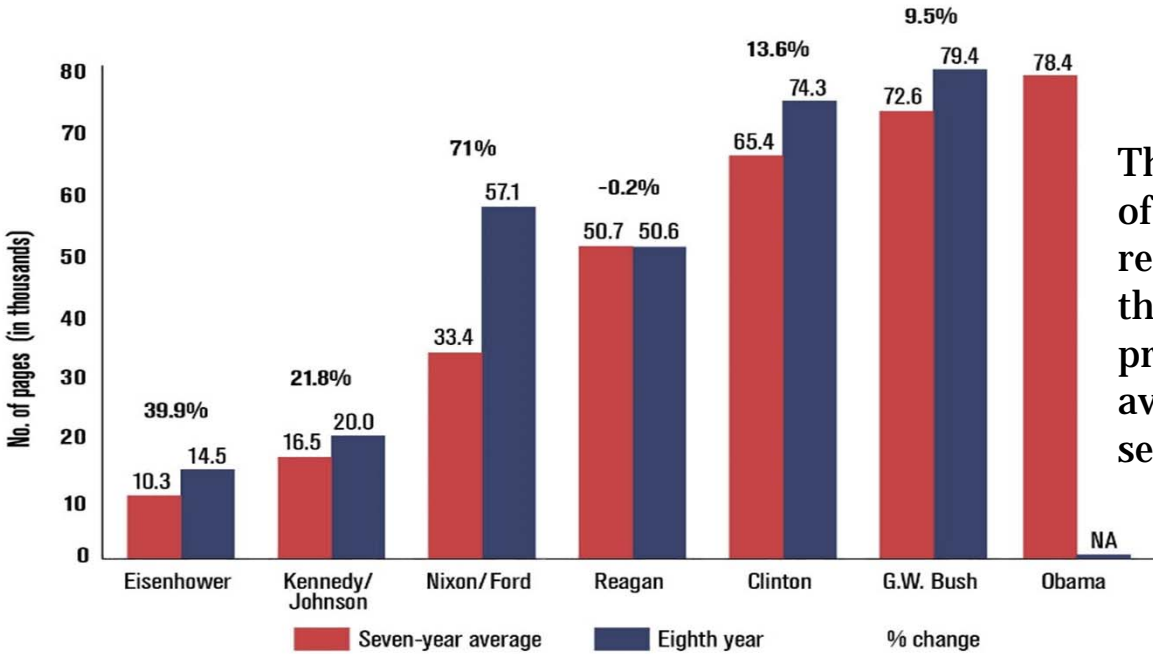
Risk-Based
Capital
Improvements

Do-Nothing Congress Does Not Mean Nothing Will Be Done in Washington



**Congressional Gridlock: Legislation Enacted As a Percentage of Legislation Introduced
80th - 112th Congresses**

Final Year Regulatory Push



There is an average of 25% more regulatory activity in the 8th year of a presidency than the average of the first seven years.

*As reflected by the increase in Federal Register pages in the eighth year of recent two-term U.S. presidential administrations
 Source: Federal Register

Our Advocacy Strategy



- Our goal is to influence public policy to create the best possible operating environment for credit unions.
- Regulators are ultimately responsible to Congress.
- Our ask will be for Congress to influence CFPB, NCUA and others.

Outlook for 2016...

- **Field of Membership:** Front and Center
- **CFPB:** Payday Lending, HMDA and Overdraft Protection
- **Midnight Regulations and other Threats:** Fiduciary, Overtime, TCPA
- **State Tax Battles**
- **Short legislative year:** May provide opportunities

NCUA's Field of Membership rule will help consumers access credit unions



- **A New Record:** More than 11,000 comment letters submitted on this proposal.
- **Next Steps:** NCUA reviewing comments and expected to issue a final rule later this year.
- **Complications:**
 - Bankers continue to make noise on this issue on Capitol Hill and threaten lawsuits.
 - NCUA vacancies could shut down rulemaking process.

Using Congress to Reduce Regulatory Burden

- Shelby Regulatory Relief Bill
 - CFPB Mortgage Rule Makings
 - CFPB Structural Reform
 - NCUA Budget Act
 - FHLB Access
 - Operation Chokepoint
- CFPB Exemption Authority
 - Stivers-Schiff Letter
 - Appropriations



CFPB Exemption Authority – Section 1022(a)(3)(A)

The Bureau, by rule, may conditionally or unconditionally **exempt any class of covered persons**, service providers, or consumer financial products or services, from any provision of this title, or from any rule issued under this title, as the Bureau determines necessary or appropriate to carry out the purposes and objectives of this title, taking into consideration the factors in subparagraph (B).

FASB's Current Expected Credit Loss Proposal

- A pending FASB proposal that will change how credit unions determine credit losses, requiring them to assess credit impairment using a forward-looking, current expected credit loss (CECL) model—as opposed to the current incurred loss approach
 - CUNA has held several meetings with FASB and commented on this proposal three times.
 - CUNA organized more than 60 members of Congress to raise concerns with FASB
 - Grassroots activation to avoid significant financial impact from accounting proposal

Current Advocacy Issues

Credit Union Powers

- Field of Membership
- Member Business Lending
- Supplemental Capital / Risk-Based Capital
- Public Deposits
- Prize Linked Savings
- Federal Credit Union Act Update
- State Credit Union Act Updates

Examination and Supervision

- Examination Frequency and Fairness
- Transportation Network Company Issues
- Patent Reform
- IOLTA / Prepaid Card Insurance Coverage
- Operation Chokepoint

Consumer Protection

- Overdraft Protection
- Payday Lending
- Telephone Consumer Protection
- Privacy Notification
- DOL Fiduciary Definition
- CFPB Structural Reform
- TILA/RESPA
- HMDA
- Qualified Mortgage Rule
- Debt Collection
- Student Lending
- Military Lending
- DOL Overtime Proposal

Tax and Budget Policy

- Federal Tax Exemption
- State Tax Exemptions
- Local Tax Issues
- UBIT
- FATCA
- IRS Disclosures
- NCUA Budget Transparency
- Congressional Budget
- Appropriations

Housing

- Federal Home Loan Bank Parity
- GSE Reform
- Flood Insurance

Payments

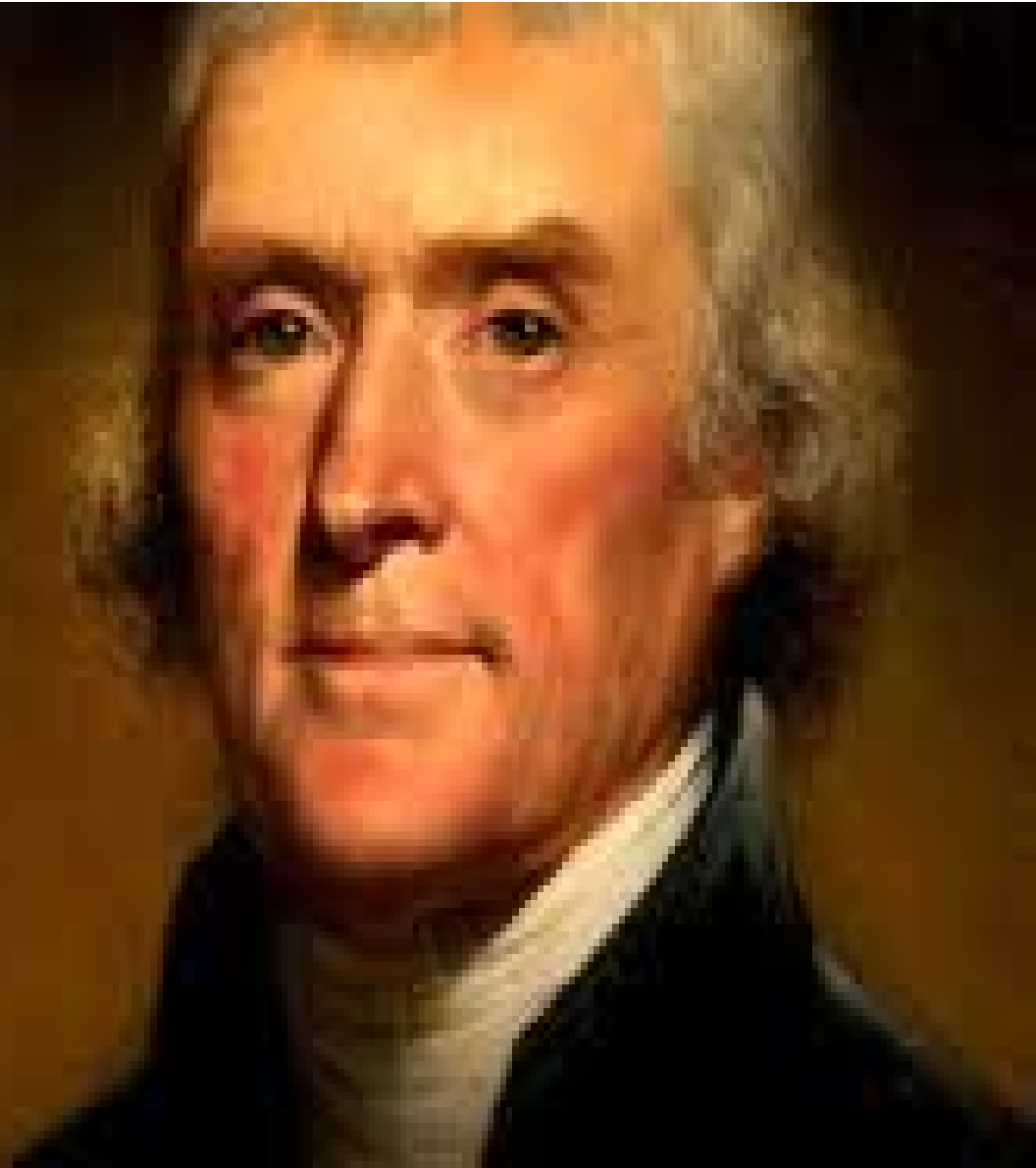
- Interchange / Surcharging Amicus Briefs
- Data / Cyber Security
- Faster Payments / Same Day ACH

Future Opportunities

- **Pursue a Federal Credit Union Act update**
 - Build off work of the Charter Enhancement group and feedback and input from all stakeholders
 - Lay the ground work | Build System Support | Set Expectations | Create Favorable Political Environment
 - View this as a three year plan.
- **Aggressively address CFPB Regulatory Burden**
 - Pursue moratorium on new regulations and CFPB Structural Reforms
 - Requires the right political environment

A good cause is often injured more by ill-timed efforts of its friends than by the arguments of its enemies.

Persuasion, perseverance, and patience are the best advocates on questions depending on the will of others.



Taking it Home

- Sign-up for MAP
- Subscribe to the Advocacy Update
- Follow the Removing Barriers Blog
- Respond to Comment Calls
- Participate in your League's Hike-the-Hill Program
- Invite elected officials to your credit union
- Attend GAC
- Be good citizens



The screenshot shows the CUNA.org website with the Member Activation Program (MAP) prominently featured. The page includes a navigation bar with links like 'STAY INFORMED', 'GRASSROOTS & POLITICAL ACTION', 'ADVOCACY', 'COMPLIANCE', 'RESEARCH & STRATEGY', 'MARKETING & MEMBER EDUCATION', and 'TRAINING & EVENTS'. The main content area is titled 'MEMBER ACTIVATION PROGRAM' and features a video player with a play button and a '03:33' duration. Below the video, there is a form for signing up for the program, with fields for First Name, Last Name, Job Title, Credit Union, State (a dropdown menu), Email Address, and Phone Number. A 'Download flyer for more information on MAP' button is also visible on the right side of the page.

Thank you!

For more information regarding these and other legislative issues, please visit the CUNA website (www.CUNA.org) and click on Legislative and Regulatory Advocacy.

If you would like to follow-up with any questions or comments, please send them directly to Ryan Donovan via email at rdonovan@cuna.coop.