



The Credit Union Difference Advocacy in Action

Ryan Donovan
CUNA Chief Advocacy Officer

Our Advocacy Goal

Revolutionize the operating environment for credit unions through **expanding powers** and **removing barriers** to serving consumers and businesses.



Our Advocacy Strategy

Fierce, bold advocacy

Address issues from all angles

Saturate policymakers with our message in Washington and at home

United effort



Stronger together: Through our combined strength and network with the state Leagues, we work so your credit union can focus on what's most **important:** your members.

1 CUNA

50 STATES and D.C.

5,900 CREDIT UNIONS

5,000

70,000 board members

credit union
service providers

110 million credit union
members

300,000 credit union
professionals

11 CORPORATE
CREDIT UNIONS

950 Credit Union Service
Organizations

Case Study: Member Business Lending

Old Approach: Raise the cap to 27.5%

360 Approach:

- Exempt participations from cap
- Exempt 1-4 family non-owner occupied homes



TOP 10

RECENT ADVOCACY WINS

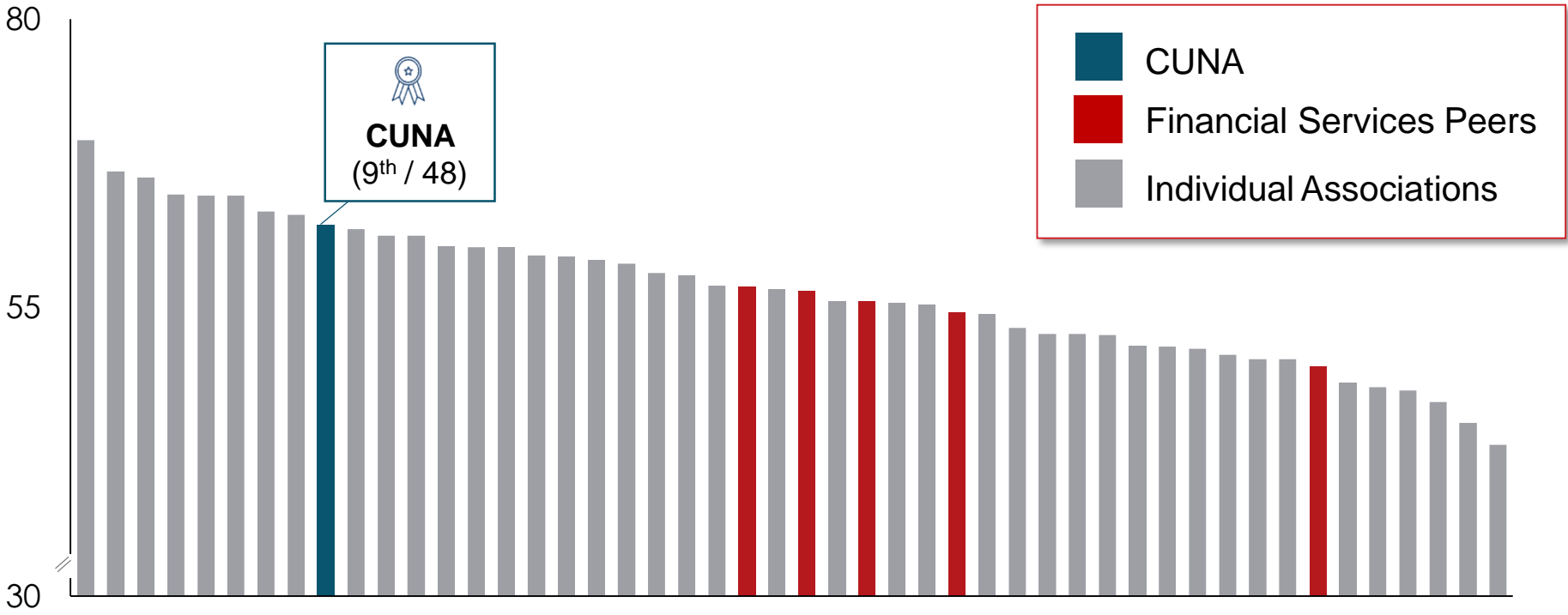


1. Enactment of S. 2155, **providing regulatory relief**
2. CUNA/League system **ranked #1 of all financial services associations** by policymakers
3. **Credit unions received** share insurance fund distributions
4. FCC **modified call-blocking ruling** after CUNA/League lobbying and grassroots effort
5. **CFPB slowdown on pace** of new rules
6. Saw **court victories** in CUs facing ADA suits
7. **Successfully advocated** for FASB to delay the implementation date of CECL standard
8. **CRA provision removed** from Senator Warren's Housing bill
9. Kentucky **financial literacy bill** signed into law
10. Iowa legislature adjourned **without moving legislation to tax** credit unions

CUNA / League System Has the Highest Washington Reputation Among its Financial Services Peers

Washington Policy Brand

Comparison to All Associations Studied in 2018

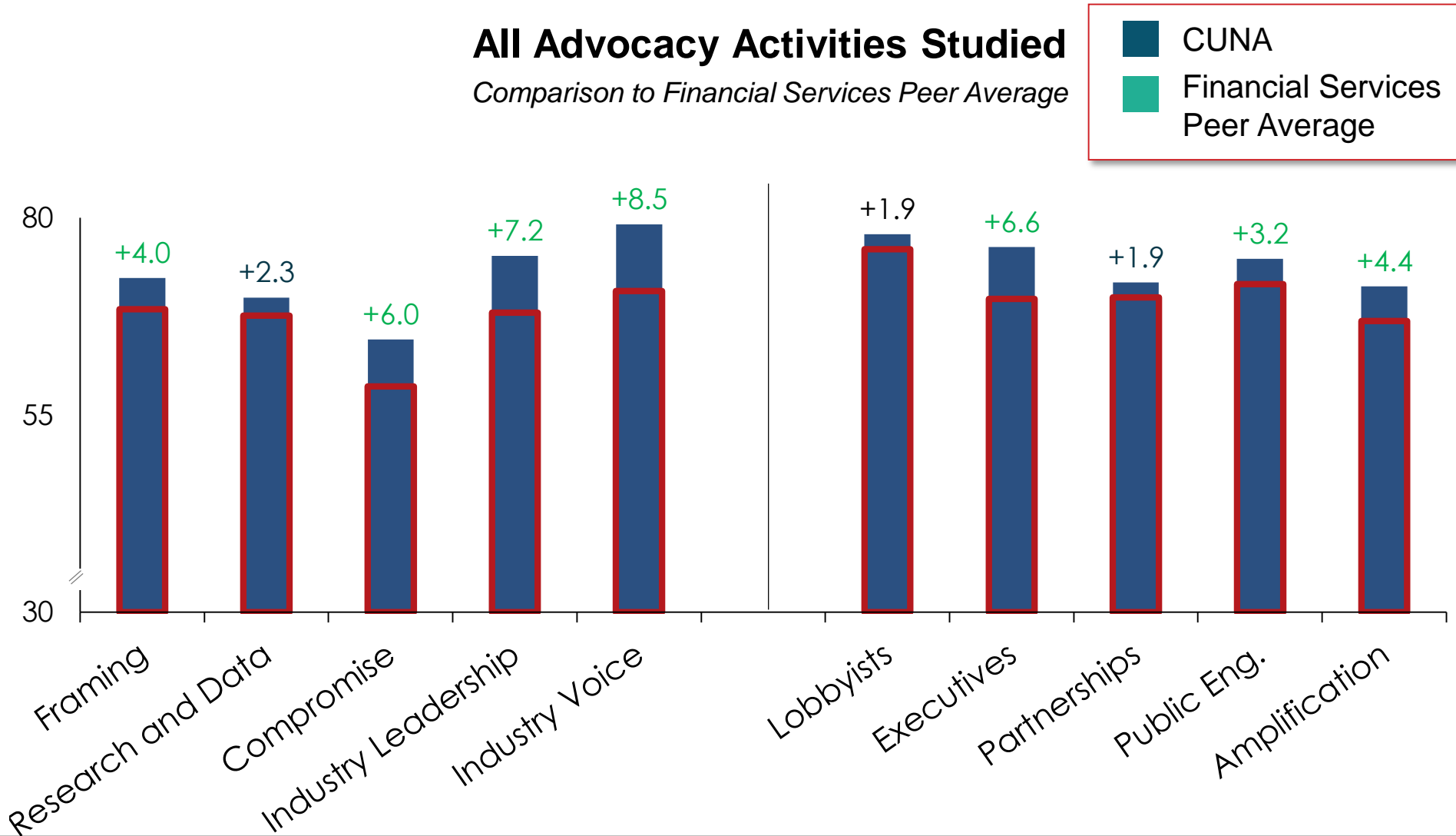


The **Washington Policy Brand** is a combination of scores on the four distinct measures of an organization's long-term policy reputation: Respect, Consideration, Influence, and Sharing.



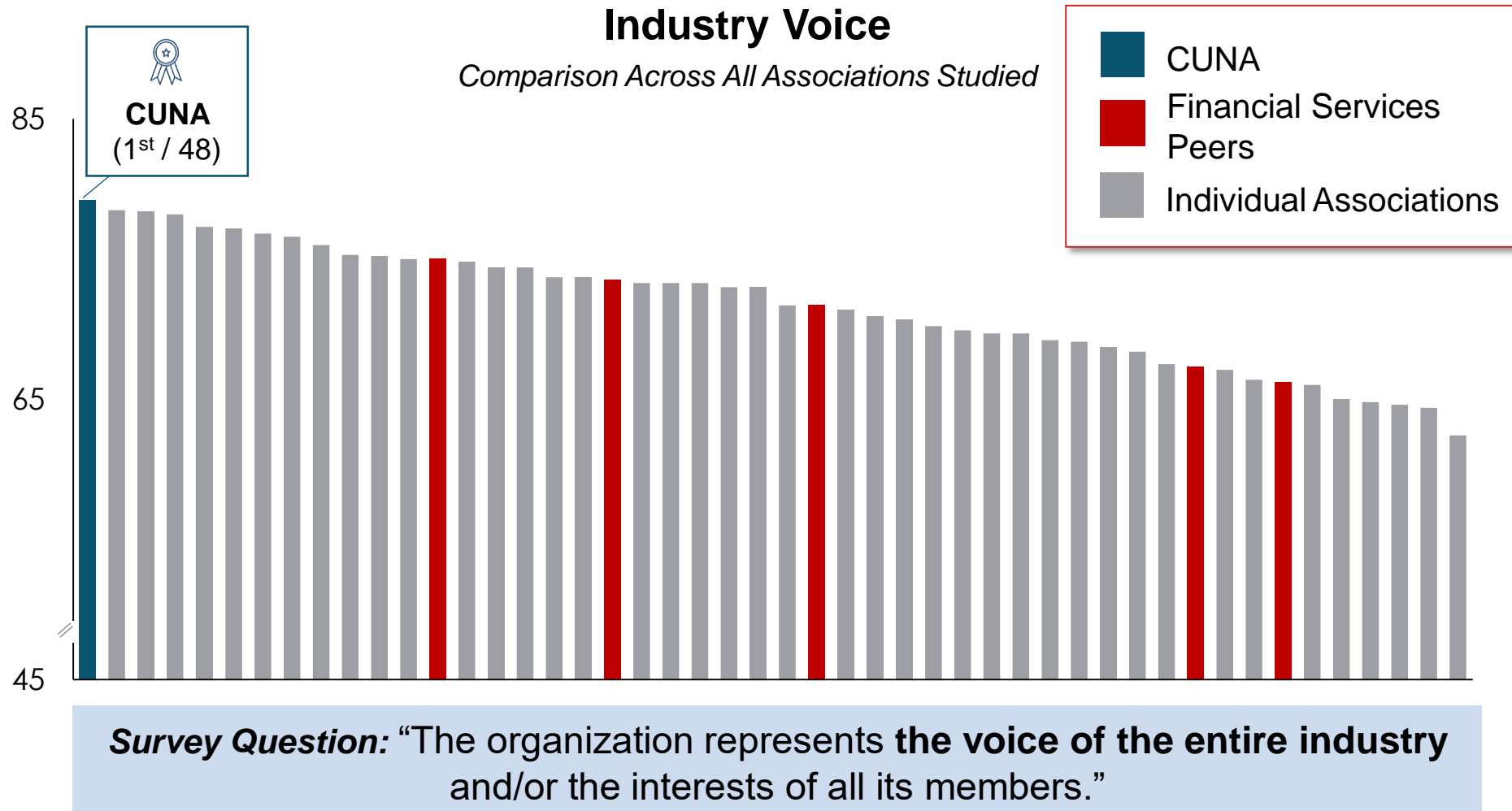
Source: Ballast Research survey and analysis. Interview verbatims edited slightly for clarity.

CUNA / League System Outperforms the Industry on Each Individual Strategy that Drives Effectiveness in Washington



Source: Ballast Research survey and analysis. Interview verbatims edited slightly for clarity.

CUNA / League System is the Leading Association at Representing the Interests of its Members



Our advocacy agenda

Reduce
Regulatory
Burden



So that credit union **members** have access to more efficient and affordable financial services from credit unions.

Expand and
Protect Credit
Union Powers
and
Opportunities



So that **consumers and small businesses** can more easily access the credit union services they need and demand.

Enhance
Information
Security



To ensure that credit union **member** data is protected from cyber-attack and data breach.

Preserve the
Credit Union
Tax Status



So that credit union **members** continue to enjoy not-for-profit cooperative financial services.

Our advocacy agenda

Reduce Regulatory Burden

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In Washington

- Advance **our vision for BCFP** under new leadership:
 - Fix burdensome rules and slow the pace of new rules.
 - Work to transfer supervisory authority of very large credit unions back to NCUA.
 - Push BCFP to use its exemption authority.
- Engage Congressional regulatory relief efforts, including **BCFP reform** that includes transition from a single director to a commission, and **BSA improvements**.
- Continue to engage with NCUA on **examination and Call Report modernization**.
- Stand with credit unions facing **predatory, advocacy-related litigation**.

In the States

- Combat **post-Cordray activism** by Attorneys-General and progressive legislatures.

Our advocacy agenda

Expand and Protect Credit Union Powers and Opportunities

- So that **consumers and small businesses** can more easily access the credit union services they need and demand.

In Washington

- Pursue **Federal Credit Union Act modernization**, focusing on changes to credit union powers, credit union structure, NCUA structure, and credit union by-laws.
- Continue to advocate for **supplemental capital** for RBC purposes serves as a pilot for using it for PCA.
- Continue to defend NCUA's **Field of Membership** Rule.
- Proactively work with Congress to find a **GSE fix** that retains access to the secondary market for small lenders.
- Preserve appropriations for the **Community Development Financial Institution Fund** and the **Community Development Revolving Loan Fund**.
- Collaborate with **World Council of Credit Unions** to ensure the procurement process at USAID is fair and that credit union projects are sufficiently funded.

In the States

- Pursue legislation that puts more competitive pressure on the federal charter including **interstate branching** legislation and field of membership modernization.
- Focus on getting legislatures and state wide officials, including attorneys general, to pressure Congress on **cannabis banking**.

Our advocacy agenda

Enhance Information Security

- To ensure that credit union **member** data is protected from cyber-attack and data breach.

In Washington

- Pursue legislation to subject **merchants to GLBA data standards**.
- Continue our litigation strategy to **recover credit union losses and to obtain stronger data security practices** through injunctive relief.
- Engage in discussion of how to **strengthen cyber infrastructure** to protect consumer data from attack.
- Protect credit unions against **overly restrictive privacy regulations** that impede the delivery of safe and affordable financial services to credit union members.
- Ensure that **consumer data held by government agencies** is well protected.

In the States

- Pursue legislation to subject merchants to strong **data security** standards in an effort to bring merchant groups to the table in Washington.
- Protect against **overly restrictive privacy regulations** that impede delivery of safe and affordable financial services to credit union members.

Our advocacy agenda

Preserve the Credit Union Tax Status

- So that credit union **members** continue to enjoy not-for-profit cooperative financial services.

In Washington

- Actively engage the tax reform discussions to ensure that Congress **preserves the federal income tax status** and does not undermine it through changes to UBIT or NCUA's funding mechanism.
- Resist **new regulatory requirements** that erode credit unions' tax status.

In the States

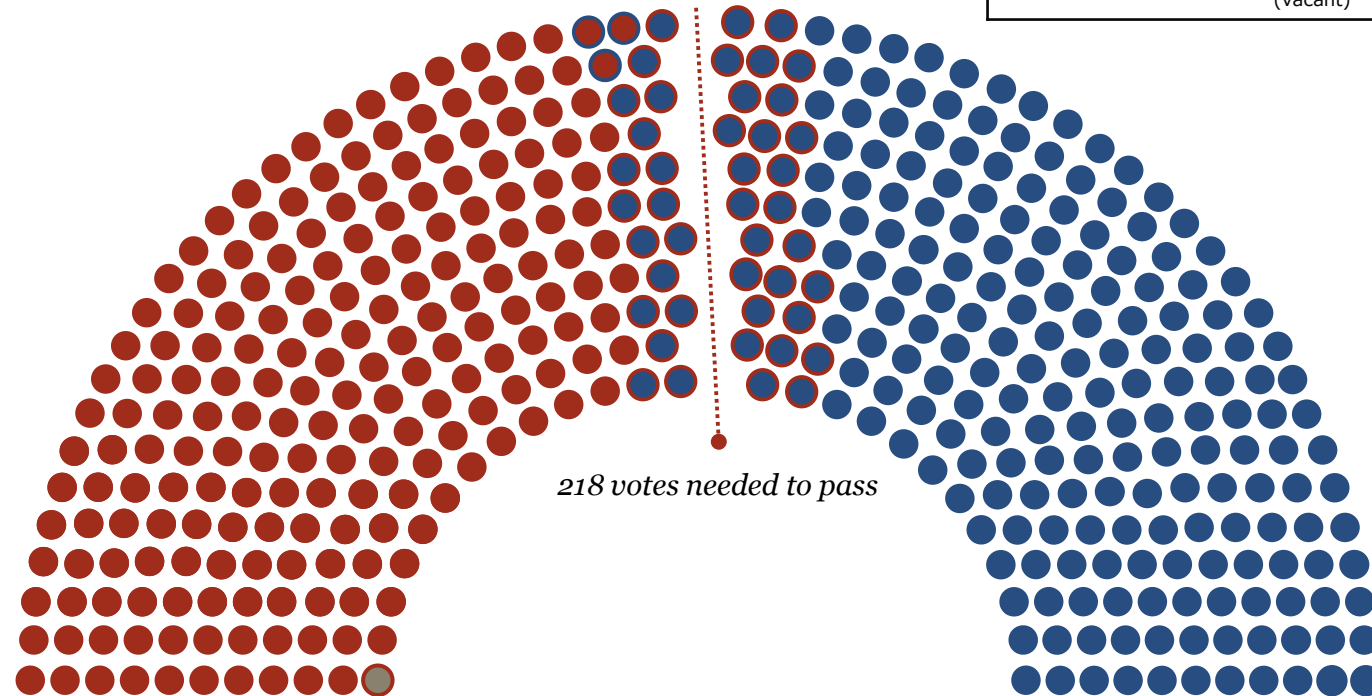
- Support state league efforts to **repel banker attacks** and other efforts to eliminate state credit union income tax exemptions.

Composition of the 116th Congress: House

Partisan makeup of the House compared to the previous Congress

- Seats flipped R to D (Total: 43)
- Seats flipped D to R (Total: 3)
- Not yet called (Total: 1)

	115 th	116 th
Republican	236	199
Democrat	197	235
Not yet called	2 (vacant)	1



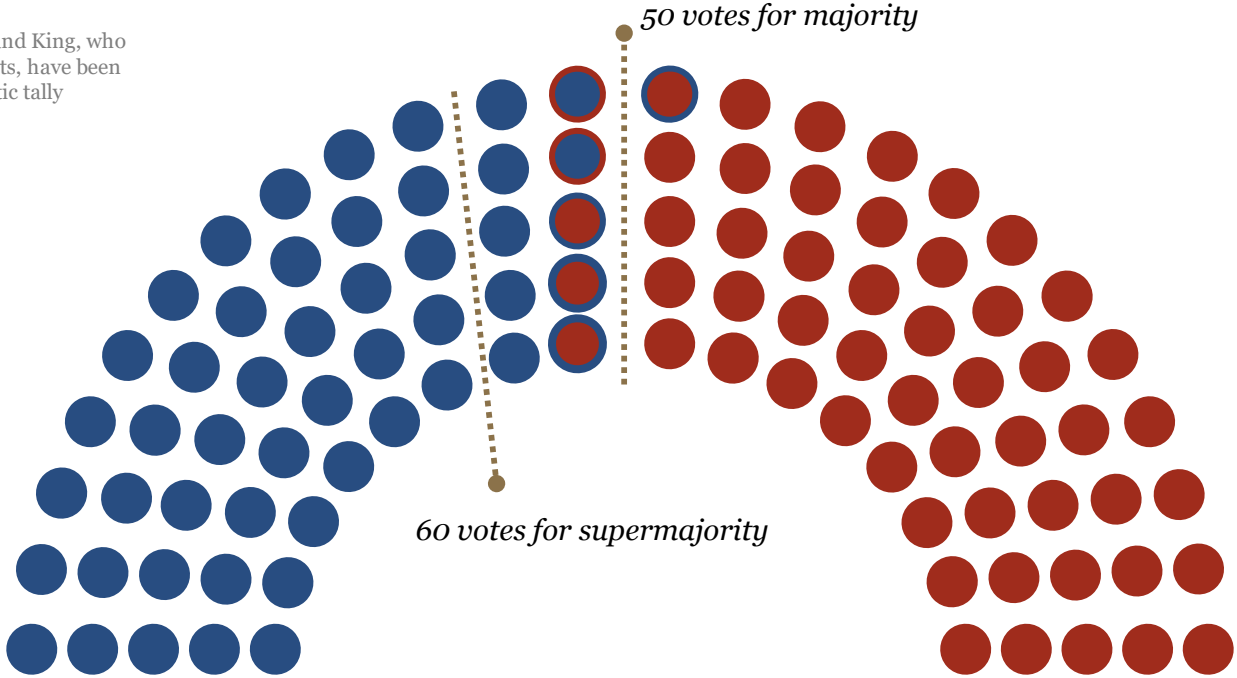
Composition of the 116th Congress: Senate

Partisan makeup of the Senate compared to the previous Congress

- Seats flipped R to D (Total: 2)
- Seats flipped D to R (Total: 4)

	115 th	116 th
Republican	51	53
Democrat	49	47
Not yet called	0	0

*Independents Sanders and King, who caucus with the Democrats, have been included in the Democratic tally



CFPB Director Kathy Kraninger

- *Previous Experience*
 - OMB
 - DHS
 - Senate
Appropriations
Committee
- *Term Expires December
2023*



NCUA Chairman Rodney Hood

- *Previous Experience*
 - JP Morgan Chase
 - NCUA Vice Chairman
 - Department of Agriculture
- *Term Expires August 2, 2023*



NCUA Boardmember Todd Harper

- *Previous Experience*
 - NCUA Public and Congressional Affairs
 - House Financial Services Committee Staff
 - Representative Paul Kanjorski (D-PA)
- *Term Expires April 10, 2021*



It's time to
right size

Regulations

One-size-fits-all regulation costs

\$6.1 billion

or an average of
\$115 per credit union
member-household
each year

The cost to
comply is
rising

3X

faster than
inflation

2 easy steps

1 Transfer supervisory authority of the very large credit unions back to NCUA

2 Use its Dodd-Frank exception authority to set a different standard on new rule makings for credit unions

Better CFPB structure to better serve consumers



Secure data & protect consumer privacy

Since 2005

10,000

DATA BREACHES
more than

&

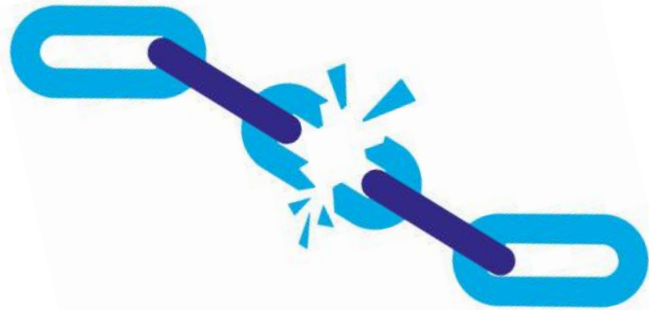
11.6 billion

RECORDS EXPOSED

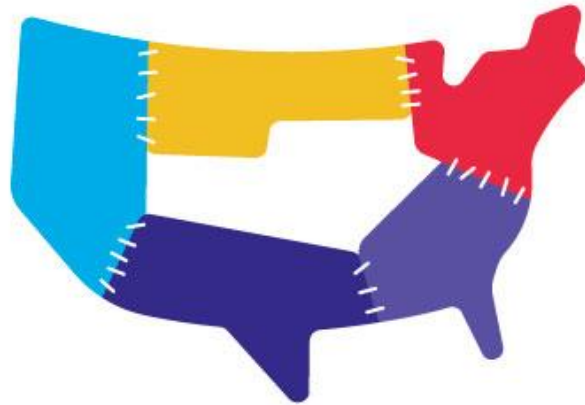
Source: PrivacyRights.org

3 ways Congress can act

1 Fix
weak links



2 Standardize the
patchwork of regulations



3 Protect
American interests





Bring the Federal Credit Union Act into the 21st Century

Six small changes, big improvements

1 Permit establishment of their own fiscal year

2 Eliminate a requirement to file certain information Regarding loan officers

3 Enhance flexibility of federal credit unions to schedule board meetings

4 Remove outdated responsibilities of federal credit union boards of directors

5 Allow the expulsion of disruptive members for just cause by the board or management

6 Permit electronic balloting for conversions from state to federal charter and from federal to state charter

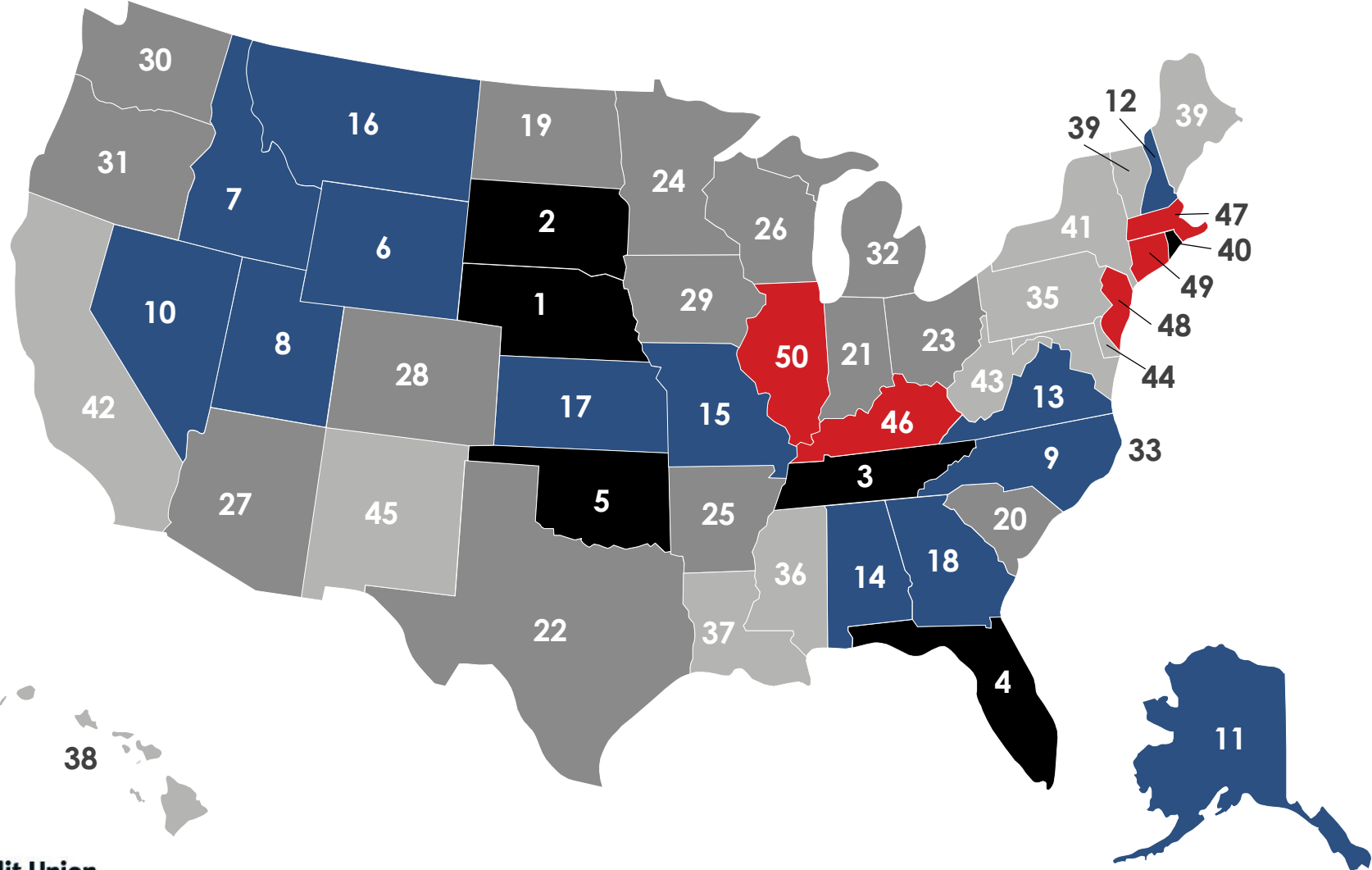


Expand access to affordable student and other loans

Eliminate the 15-year maturity limit on federal credit unions

Overall Fiscal Condition: How Do the 50 States Rank?

2018 Edition



OVERALL FISCAL CONDITIONS RANK

- Top Five
- Above Average
- Average
- Below Average
- Bottom Five

TOP FIVE

- Nebraska
- South Dakota
- Tennessee
- Florida
- Oklahoma

BOTTOM FIVE

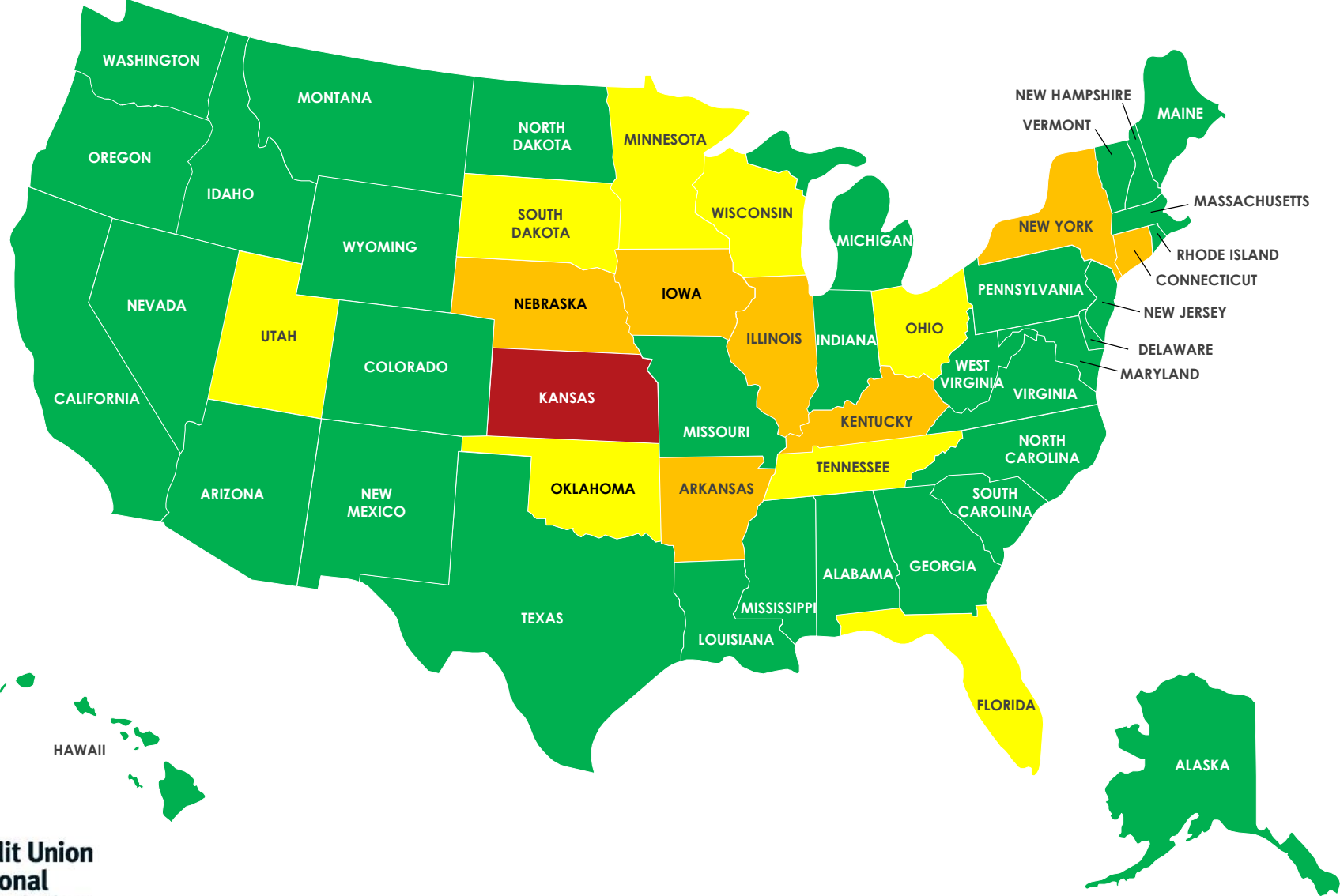
- Kentucky
- Massachusetts
- New Jersey
- Connecticut
- Illinois



Source: Eileen Norcross and Olivia Gonzales, "Ranking the States by Fiscal Condition, 2018 Edition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, October 2018).

CU Threat Map

May 2019



- 2019 Action States.
- Upcoming and Potential Threats
- Historical Threats
- No foreseeable threats at this time.

2019 Action States

- **Kansas:** Kansas Bankers introduced SB 238 (bank tax subsidy) and SB 239 (taxing CUs with over \$100 million in assets)



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Reduce Regulatory Burden

- New Leadership at CFPB and NCUA
- CFPB Payday Rule / NCUA PAL
- Debt Collection Rule
- Community Reinvestment Act
- Home Mortgage Disclosure Act
- Telephone Consumer Protection Act
- BSA/AML Reform
- ADA Litigation
- NCUA Appraisal Rule
- Exam and Call Report Modernization
- CECL
- Military Lending Act
- Overdraft
- UDAAP
- Medallion Lending
- Remittances
- Small Business Data Collection
- CFPB Commission
- Flood Insurance
- Tow Truck Notice
- On-line Notarization
- PACE Loans
- Elder Financial Abuse

Expand Credit Union Powers and Opportunities

- Federal Credit Union Act Modernization
- Maturity Limit Legislation
- Veterans MBL Legislation
- Housing Finance Reform
- Cannabis Banking
- Public Deposits
- Field of Membership Litigation
- CDFI Appropriations
- Credit Unions on Military Bases
- Credit Unions Buying Banks
- CUSO Investment Authority
- Prize-Linked Savings
- Green Lending
- Director Compensation
- USAID Procurement Reform

Enhance Information Security

- Data Security
- Data Privacy
- Cyber Security
- NCUA Vendor Authority
- Faster Payment
- USAA Remote Deposit Capture Litigation

Preserve the Credit Union Tax Status

- Implementation of the Tax Cuts and Jobs Act of 2017
 - Executive Compensation
- State Budget
- State Bank Attacks

Your Advocacy Checklists

Credit Union

- Project Zip Code
- CULAC Permission Agreement
- Membership Activation Program

Individual

- GAC
- Hike the Hill
- District Meetings with legislators
- Volunteer on campaigns

Project Zip Code

Counts the number of credit union members based on residency in Congressional districts, state legislative districts and counties.

Why This Matters: This data sends a strong message to legislators that there are credit union members in their district.

Question to ask: Do we run project zip code?

Action step:

- Go to www.pzconline.com
- Call CUNA at 202-508-6708

CULAC, Credit Union Political Action

CUNA's Political Action Committee works to elect candidates to Congress who understand and support credit unions.

Why It Matters: Bankers and other opponents raise big money for Congress. This helps us engage and ensure there are credit union friendly voices in Congress.

Question to ask: Have we signed a permission agreement with CUNA so we can contribute to their PAC?

Action step: Email Trey Hawkins
(thawkins@cuna.coop)

Member Activation Program

Inform and educate credit union members on the value of the **credit union difference**, **strengthen the bond** of membership, and **activate members** on behalf of their credit union

Why It Matters: Strength is in our numbers. No one is more invested in the success of credit unions than credit union members.

What to ask: Do we participate in CUNA's Member Activation Program?

Action Steps:

<http://www.cuna.org/map>

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Stay Informed

- Nussle Report
- Advocacy Update
- Removing Barriers Blog
- League Newsletters
- CUNA News
- CUNA Magazine
- E-Scan

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