



July 19, 2021

Ohio Members of the U.S. House Financial Services Committee:

Thank you for your leadership on the U.S. House Financial Services Committee (“Committee”) and the support you provide Ohio’s 238 credit unions as they prioritize serving the needs of nearly 3.1 million Ohioans. The Ohio Credit Union League (“League”) appreciates the Committee’s recent discussion on the *Expanding Financial Access for Underserved Communities Act* (“the Act”). We support the legislation, in partnership with the Credit Union National Association (“CUNA”), and appreciate the ongoing conversation with your office on it.

According to the FDIC’s 2019 National Survey of Unbanked and Underbanked, more than 27 million households are considered underbanked and unbanked (“underserved”) and 7.1 million of those households have no relationship with a depository institution, such as a credit union or bank.¹ As not-for-profit financial cooperatives, credit unions are uniquely positioned to provide financial services to underserved communities, especially if archaic field of membership (“FOM”) barriers are modified to empower greater financial service reach to help those individuals who are most in need.

Enabling credit unions to expand into underserved areas would advance communities throughout the nation by giving consumers greater access to member-owned financial cooperatives. CUNA conservatively projects that reasonable FOM reforms could produce first-year benefits for more than one million consumers currently without affordable and consumer-friendly financial services.² The reforms proposed by the Act would provide a market-based solution that leverages the successful cooperative business model to impart greater consumer accessibility to financial solutions, without expanding government programming or spending.

As community-based financial cooperatives, credit unions continue to provide consumers access to financial services as other depositories depart local communities. More specifically, FDIC and National Credit Union Administration filings show that since 2004, nearly 7,000 bank branches were closed while credit unions opened a net of more than 1,400 branches during the same time frame.³ The restrictive nature of antiquated FOM requirements artificially limits consumer access to credit unions, inhibiting a credit union’s ability to fully reach and serve an underserved community’s needs. The National Community Reinvestment Coalition recently found that 86 individual “banking deserts” were created by the shuttering of bank branches.⁴ Currently, 5.4% of Americans are considered as residents within a banking desert. Empowering not-for-profit credit unions to create more opportunities for underserved individuals to access safe and affordable financial services will drive greater financial well-being for all.

Adding underserved communities to credit union FOM definitions, while also removing business capital access barriers within the same area, will create an environment conducive to addressing banking deserts and ensuring well-regulated financial institutions meet consumer needs. As recently experienced

¹ FDIC’s 2019 National Survey of Unbanked and Underbanked: <https://www.fdic.gov/analysis/household-survey/>.

² Assuming first-year membership growth of 5% among credit unions with restricted fields of membership that are not currently operating in underserved areas and 2.5% growth among community-chartered credit unions not currently in underserved areas.

³ See for example: Ensign, Rexrode, Jones. “Banks Shutter 1,700 Branches in Fastest Decline on Record”, Wall Street Journal, February 5th, 2018.

⁴ NCRC, “Bank Branch Closures from 2008-2016: Unequal Impact in America’s Heartland,” Research memo, 2017.



during the COVID-19 pandemic, access to financial services is critical to the success of individuals, families, businesses, and communities, and the Act is an important first step to helping more consumers through cooperative financial services. We appreciate your careful consideration of this initiative to help credit unions reach more people in need.

Please contact Chief Advocacy Officer Emily Leite at (614) 581-8460 or at eleite@ohiocul.org for any questions or additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul L. Mercer".

Paul L. Mercer
President