

LSCU AT GAC

GOVERNMENTAL AFFAIRS
CONFERENCE

GAC 2024

MARCH 3 - 7, 2024
WASHINGTON, D.C.

LSCU
League of Southeastern
Credit Unions & Affiliates

Credit Unions On the Hill

Why GAC Is an Important Grassroots Activity



- This opportunity to share the credit union difference and our structure as not-for-profit financial cooperatives to lawmakers is vital to the success of the entire industry.
- These meetings also provide a window to engage and educate Congress on credit union priorities, such as interchange mandates, charter modernization, regulatory overreach, and more.
- Credit unions advocating in-person helps moves the needle on legislative priorities.

Thank you for participating in 2024 GAC!

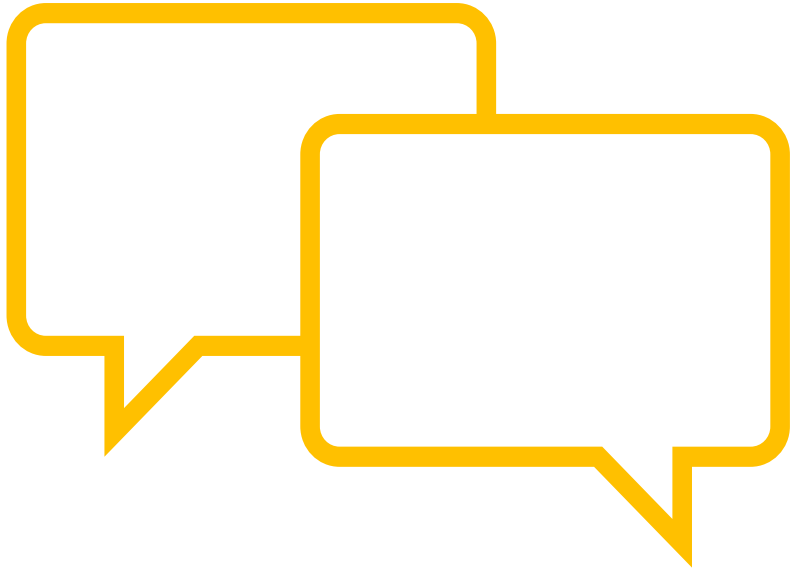
Schedule of Events

- **Sunday, March 3rd**
 - 5:00 – 6:30 PM EST: LSCU Welcome Reception
- **Monday, March 4th**
 - 1:00 – 2:00 PM: LSCU Meeting with NCUA ONES Director Scott Hunt
- **Tuesday, March 5th**
 - 9:30 – 10:30 AM: LSCU Legislative and Regulatory Briefing
 - 10:30 – 11:30 AM: LSCU Meeting with NCUA Chair Todd Harper and Board Member Tanya Otsuka
 - 12:30 – 1:30 PM: LSCU Meeting with NCUA Vice Chair Kyle Hauptman
 - 4:00 – 4:45 PM: LSCU Meeting with SBA Deputy Director Dilawar Syed
 - 5:00 – 6:30 PM: LSCU Lawmaker Reception
- **Wednesday, March 6th**
 - 8:00 – 5:00 PM: Hill Meetings
- **Thursday, March 7th**
 - Fly Home

Meetings subject to change.



Successful Meeting Tips



- We recommend dressing in **business attire**.
- **Give yourself enough time** to get through security on the Hill. Lines can be anywhere from 15 to 30 minutes long.
- **Arrive at least 10 minutes early** to the lawmaker's office before a meeting. Wait in the hall until other credit unions arrive. These visits are extremely important to all attendees, and we want everyone to have the opportunity to participate.
- LSCU will have already provided all materials to each office prior to the meeting.
- Remember to bring a **stack of your business cards** to give out to Hill staff.
- Be prepared – have **talking points in hand!**
- Remember to **take pictures** that can be included in your credit union's newsletter and in LSCU publications. LSCU staff will take pictures as well.
- Be sure to **follow-up on your meetings with a "Thank You"** letter, note, or email.
- **Actively participate** in the meetings and keep discussion to **credit union issues**.

Topics to Avoid

- Elections
- Fundraising
- Money
- Controversial topics not related to financial services
- Status of a loan



What to Expect During Hill Meetings

- An LSCU staff member will introduce the lawmaker to the group.
- The lawmaker will then address the group.
- We will then move into an informative discussion/question and answer led by credit unions. Please refer to your brief (found on the webpage, app, or booklet) for information about our legislative priorities.
- Meetings typically last about 30 minutes.
- At the end of each meeting, we will take a photo of all our participants for social media and newsletter purposes, so make sure to smile!



Credit Union Team Leads And 'The Core Four'



- LSCU is looking for credit union team leads to help tee up legislative conversation and encourage attendee participation.
- This will keep the conversation constituent-led, local, and focused on direct impact.
- These meetings are an opportunity for you to share your credit unions' stories, so they should be led from your point of view. LSCU encourages all attendees to participate in Hill meetings.
- If you are interested in being a team lead, we will be meeting after this zoom.

Where to Find 2024 GAC Info

2024 GAC Website:

<https://lscu.coop/education/gac2024/>



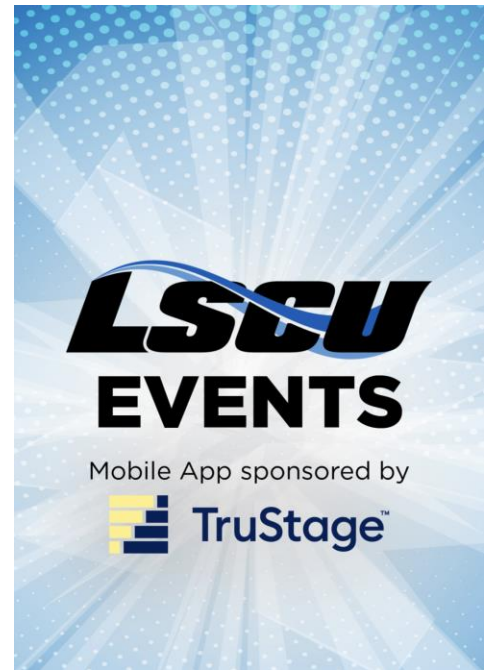
2024 Government Affairs Conference App: “LSCU Events”

All pertinent meeting/schedule changes will be shown in the app.

How to access:

1. Available in the Apple App Store and Google Play
2. Search “LSCU Events”
3. Click "download“

Attendee packets and one pagers will be provided at the receptions.





Resources for You

- Meeting Details
- Congressional Maps
- Walkable Map of Capitol Hill
- More Customized App
 - Restaurants Nearby
 - Things to Do Nearby
 - Talking points specific to offices

← Detail

Rep. Rich McCormick - March 6 | 11:30 AM | 1213 Longworth

District GA-06

Meeting Date: March 6
Meeting Time: 11:30 AM
Meeting Location: 1213 Longworth (second floor)

If you are not with the group, please come through the entrance off Independence and New Jersey Avenue.

Members in District: 124,203

Committees: Armed Services, Foreign Affairs, and Science, Space & Technology, Republican Study Committee

Discuss:

Credit Card Competition Act

Financial Fraud

Congressional Oversight of CFPB

Letter to CFPB

Veteran Member Business Loan Act

Credit Union Support of Military Members/Bases

Biography: <https://mccormick.house.gov/about>

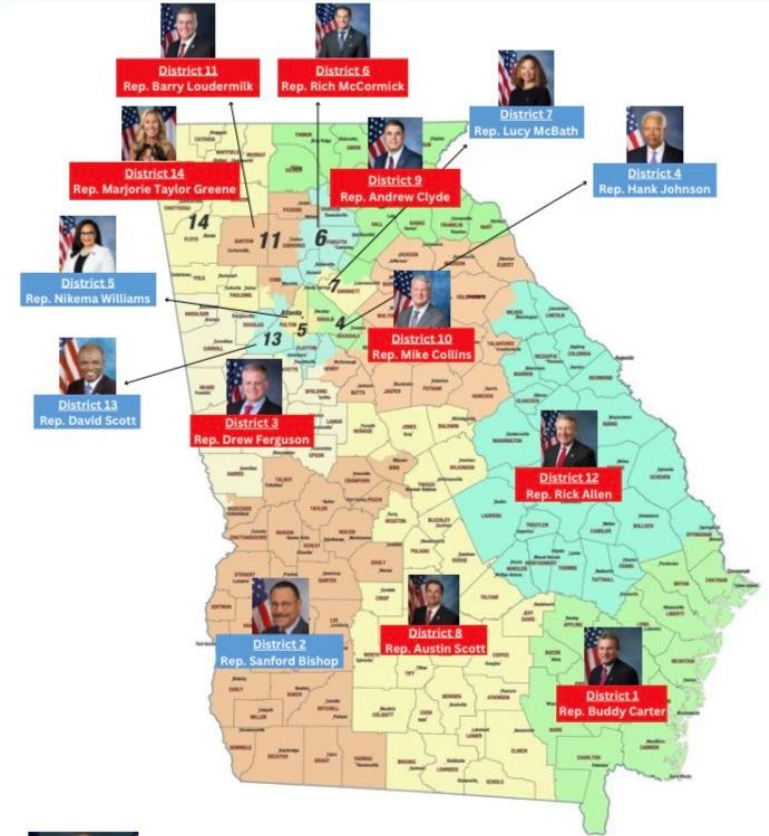
Member or Staffer: Both

Staffer name (if applicable): Nathan Barker, Legislative Director

Credit Union Lead: Kabir Laiwalla, Brandee Bickle, and Chad Evans

Team Lead: Sydney Seral (678) 637-4411 and Natalie Riner (770) 241-3984

Georgia Congressional Delegation



US Senator
Raphael Warnock (D)



US Senator
Jon Ossoff (D)



Request to Update Project Zip Code

- LSCU represents over 12 million credit union members and nearly \$200 billion in assets across the Southeast.
- Project Zip Code (PZC) helps legislators understand how many members reside in their district.
- Having up-to-date information before GAC is crucial and helps illustrate the power of our movement.



Sign Up/Update Today:

<https://www.pzconline.com/>

Top Legislative Priorities

Credit Card
Competition Act

Financial Fraud
Language

Overdraft
Services

CFPB Oversight

Veteran Member
Business Loan
Act

Attendee packets and one pagers with talking points will be provided at the receptions.



State of Play

- Government shutdown deadlines: March 1 and March 8
- Federal Reserve proposed rule
- Senator Dick Durbin (D-IL) has called for a Senate Judiciary Hearing on credit card interchange fees on April 9
- New Credit Card Competition Act sponsors
- Discover and Capital One merger announced

Oppose the Credit Card Competition Act

- The Credit Card Competition Act seeks to further regulate the credit card market. This legislation would require covered card issuers (over \$100B in assets) to include at least two unaffiliated networks on which an electronic credit card transaction may be processed and states the networks cannot be the two networks holding the largest market shares of credit cards in the U.S.
- While the original Durbin Amendment was intended to reduce consumer prices, it has proven to be ineffective. Studies have found that 98% of savings were never passed on to consumers and 20% of merchants increased costs following implementation. The original Amendment led to a 60% increase in debit card fraud, and the new bill would result in less secure payment systems, greater threats to consumer data, and fewer options for consumers. A similar outcome for credit cards would likely cost over \$6 billion a year in additional fraud.
- Financial institutions remain responsible for fraud and data security losses that stem from breaches caused by retailers who do not secure their data.



Senate/House Ask: Reject efforts to advance or grow support for this legislation. Rather than altering a payment system that already works, please consider enacting nationwide data security legislation that will protect consumers' data.

Support FSGG Language To Cut Down On Financial Fraud



- A bipartisan group of House Appropriators have endorsed language to be included in the Financial Services and General Government (FSGG) funding bill (to be voted on ahead of March 8). This language came out of a Senate FSGG report.
- This language urges the Treasury Department to establish a public-private partnership to enhance Americans' financial security and reduce financial fraud and scam schemes.
- This partnership would include financial institutions, state and federal regulators, consumer protection agencies, law enforcement, trade associations, and other stakeholders. Together, these entities would increase information sharing, develop best practices and educational awareness of fraud schemes, and encourage innovation in counter-fraud technologies.

Senate/House Ask: Please support the FSGG bill on the floor and assist credit unions in protecting consumers against fraud.

Increase Congressional Oversight of CFPB

- The funding of the CFPB, which comes from the Federal Reserve as opposed to the appropriations process, is currently under review by the Supreme Court. Bringing the agency under the appropriations process would ensure greater congressional oversight. Further, H.R. 1411/S. 915 (sponsored by Sen. Rick Scott [R-FL]) would require Senate confirmation of the CFPB's Inspector General, increasing accountability in government.
- H.R. 1410 would establish a five-member Board of Directors for the CFPB, as opposed to the current single Director led structure, and provide consistency among other financial regulators.
- This legislation ensures that no more than three members shall be from the same political party, providing a more accountable, diverse, and deliberative decision-making process. Directors shall serve staggered terms.

Senate/House Ask: Please cosponsor and support S. 915, H.R. 1382, H.R. 1410, and H.R. 1411.



Reverse Efforts to Restrict Access to Critical Overdraft Services



- The CFPB has introduced a proposal that would cap overdraft fees, eliminate competition in the financial services marketplace, and push consumers into the hands of predatory lenders.
- Efforts to restrict and limit access to critical overdraft protection programs will inhibit credit unions from helping members overcome unexpected financial emergencies and manage their daily lives.
- Credit unions have made considerable changes to overdraft and insufficient funds programs without regulation or legislation.
 - 96% allow balance transfers from savings to checking accounts as a first measure to result in no overdraft to the member.
 - 97% provide low balance warnings prior to charging an overdraft fee and 94% provide educational materials or alerts to frequent users. Communication includes financial counseling and, when possible, loan assistance.
 - When communicating with these members, there is a clear understanding of and desire for the service rendered.

Senate/House Ask: Please sign on to letters preserving access to financial services led by House Financial Services Chairman Patrick McHenry and Senator XXX.

Support the Veteran Member Business Loan Act

- Credit unions are currently only able to lend up to 12.25% of their assets due to outdated law. The *Veteran Member Business Loan Act* would exempt loans made to veteran-owned businesses from this cap, allowing credit unions to better serve those who defend and protect us.
- Veterans have cited accessing capital as a top challenge in starting and growing a business, and 60% of veteran owned businesses report facing a financing shortfall (receiving less financing than requested).
- With 23% of transitioning veterans having indicated they would like to start a business, credit unions are eager to work with Congress to provide this much-needed capital.

Senate/House Ask: Please cosponsor S. 539 and H.R. 4867.



Top Regulatory Priorities

2024 NCUA
Supervisory
Priorities

Exam Fairness

FCU Loan
Interest Cap

Third Party
Vendor
Authority

Federal Reserve
Interchange Fee
Cap

Small Business
Lending

NCUA Priorities

- **Supervisory priorities:**

- Overdraft – the NCUA should join credit unions in combatting the misinformation against "junk fees" and instead share best practices as opposed to mandates
- Fair lending – examiners will be looking at increased risk factors when evaluating lending practices
- Information security – countering bad actors and cutting down on fraud.
- Third Party Vendor Authority – tailored focus to information security

- **Interest Rate Flexibility**

- Current rate ceiling of 18% until September 10, 2024
- To help credit unions navigate the uncertain rate environment, we support a floating rate cap



Federal Reserve Proposal

The base component would be 14.4 cents (down from 21.0 cents)

The fraud-prevention adjustment would be 1.3 cents (up from 1.0 cents)

Expected to reduce debit interchange fees by 28%



Fundraising Update

- This year, our CULAC sweepstakes giveaway item will be a **\$200 Amazon Gift Card!**
- Be sure to come visit us at the GAC receptions to make a donation to enter.
- PAC support is incredibly important this year since it's an election year – make a donation to help us keep credit union friendly officials in office!



**Amplify Credit
Union Voices**



**Hold Elected Officials
Accountable**



**Strengthen political engagement to
encourage impacts on public
policy.**



**Non-partisan. We
look at credit union
issues only!**

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QUESTIONS?