THE CREDIT UNION DIFFERENCE

For 86 years, credit unions have been one of the strongest investments Congress has made in America's communities. Credit unions are the original consumer financial protectors. They're not-for-profit, member-owned financial cooperative that provide the same financial services that traditional banks do, but that's where the comparisons end. Every credit union member is a shareholder because they're all individual owners. A credit union's net income is shared with all its members, which generally means fewer fees, better rates, higher savings return, easier access to credit, and better, more personalized service.

More standout differences:

- Credit unions provide members with financial literacy and counseling.
- Credit unions save members $13.6 billion annually.
- Even non-members benefit by $5.3 billion annually due to the presence of credit unions in local banking markets.
- 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.

CREDIT UNION FIRST RESPONDERS DURING PANDEMIC CRISIS

Members have looked to their credit unions for financial guidance during the devastating financial stress of the COVID-19 pandemic, which is why credit unions are considered financial first responders.

Since the beginning of this crisis, credit unions have remained on the front lines implementing changes to their products and services to increase member—and non-member—access to desperately needed credit. They have set up new digital channels and conducted transactions at their drive-throughs that were previously only conducted inside the lobby. Additional types of assistance credit unions have offered to those affected by COVID-19 include:

- SBA Payroll Participation Program loans
- New loan products (payroll advance, 0% personal loan, deferred payment, etc.)
- Emergency loans
- Modifications to existing loans (skip-a-payment, payment extensions, reduced interest, etc.)
- Fee waivers/reductions
- Other services (financial counseling, debt consolidation, credit protection, etc.)
- Donations or assistance to community organizations

CREDIT UNIONS CARE CHALLENGE

The recent COVID-19 pandemic has left many consumers home-bound, putting a severe strain on local businesses. But the People Helping People philosophy of credit unions sprang into action. The Southeastern Credit Union Foundation (SECUF) invited all LSCU affiliated credit unions in Alabama, Florida and Georgia to join in the #CreditUnionsCareChallenge. To support their local economies, credit unions committed $25 per employee to commit a good deed while supporting local businesses and adhering to social distancing guidelines. To double the impact, SECUF matched every dollar contributed by member credit unions up to $25 per employee. These matched funds were donated to local community organizations, selected by the credit union. The credit unions used the matching funds to make an additional impact in their community, including the following examples:

- Supported local businesses and restaurants
- Purchased meals for first responders
- Purchased school lunches for children
- Made charitable contributions to a local food bank

To date, 75 credit unions have pumped a total of $927,000 into local economies through this program.

CREDIT UNION ISSUES

HELP CONGRESS PASS PPP FORGIVENESS LEGISLATION

Congress is working on legislation that will help streamline the forgiveness process for the SBA's Paycheck Protection Program loans. Credit unions are united behind this effort and are asking lawmakers to cosponsor and support the passage of PPP forgiveness legislation.

Here's why: America's credit unions have issued many thousands of PPP loans to help small business owners recover from the impact of the pandemic. H.R. 7777 and S. 4117, the "Paycheck Protection Program Small Business Forgiveness Act," would provide forgiveness for PPP loans of $150,000 or less and allow Main Street financial institutions like credit unions to remain focused on serving their communities rather than jumping through burdensome regulatory hurdles

MERCHANT DATA BREACH

Credit unions are required by the Gramm Leach Bliley Act (GLBA) to have data security standards over their member's data. This is verified by prudential regulators during routine examination. GLBA was passed 1999 and remains effective today.

The GLBA does not however, pre-empt state laws, allowing the states to further define security standards and breach notification laws. In 2018 California passed the California Consumer Privacy Act (CCPA), a comprehensive privacy regime that applies to businesses operating in CA with revenue above $25 million. CCPA contains narrow exceptions, for items covered under GLBA. However, if each state were to pass a different version of CCPA, not only would this complicate compliance for GLBA, it would complicate compliance across the nation.

- Credit unions support a strong national data law that should cover all businesses and entities that collect, use, share, process, house and transmit personal information or other sensitive data. No entity should be able to escape responsibility.
- State attorneys general and the Federal Trade Commission should have authority to enforce privacy laws.
- Banking regulators should retain enforcement authority over those they examine given the success of the GLBA.
- National data protection and consumer notification standards with effective enforcement provisions.
- Preemption of inconsistent state laws and regulations in favor of strong Federal data protection and notification standards.
- Ability for credit unions and banks to inform customers and members about a breach, including where it occurred.
- Shared responsibility for all those involved in the payments system for protecting consumer data. The costs of a data breach should ultimately be borne by the entity that incurs the breach.

Our ask to Congress:

Credit unions have followed GLBA's privacy and data security requirement for over 20 years. We agree there needs to be an update in this day of digital privacy. Our position is to support a very strong national data security law that brings all those that collect, use, share, process and house consumer information under one uniform standard.

PRESERVING THE CREDIT UNION TAX EXEMPTION

Federal Credit unions, as not-for-profit cooperatives, are categorized as tax exempt under section 501(c)(1) of the U.S. tax code, while state-chartered credit unions enjoy the same tax treatment under section 501(c)(14). Credit unions are organized and operated by volunteer boards of directors, do not sell stock or bonds, and return all profits to their members. To retain this structure, Congress has upheld an exemption from federal income taxes that was granted in the initial 1934 Federal Credit Union Act.

- Credit unions continue to prove our tax exemption by:
- Adhering to our mission and philosophy of people helping people. For example, short-term loans, courtesy pay, or payday loans are roughly 400% lower than other lenders.
- More than half of credit union originated mortgages go to middle- or lower-income borrowers. Nearly 50% of credit unions have a specific focus on serving lower-income families.
- More than 10% of credit unions are certified minority depository institutions.
- Annually, credit unions provide $18.9 billion in direct and in-direct benefits to the consumer, outweighing our $1.9 billion price tag for the credit union tax status. While tax exempt from income, credit unions annually pay nearly $20 billion in local, state, and other federal taxes.

Our ask to Congress:

- **Please ensure the credit union tax status continues to be upheld.**
- **Please speak with colleagues on the House Ways and Means Committee/Senate Finance Committee, speak to party leadership, and speak at any opportunity to assist your locally owned and controlled credit unions.**