League of Southeastern Credit Unions & Affiliates

2024

HIKE THE HILL

Collaborate › Advocate › Innovate

September 23-26, 2024

Washington, D.C.

WELCOME MESSAGE

Samantha Beeler
President

On behalf of the League of Southeastern Credit Unions, I'm thrilled to welcome you to our nation's great capital for a week of meaningful conversation with legislators and regulators. We're coming together at a pivotal time for the credit union industry, as a multitude of legislative and regulatory threats are being considered. Today, as the credit union tax status is scrutinized, common-sense interchange and fee income are under fire, and fraud continues to skyrocket, it is imperative that we use our collective voice to remind policymakers about the credit union difference. Our movement, without government intervention, passionately assists the underserved, rural would-be financial desert communities, and everyday Americans across the nation.

Your advocacy this week is critical to advancing and protecting the future of a movement that has remained steadfast in its vision of serving communities and providing vital financial access to all. The unmatched strength of our grassroots advocacy has the power to prevent an idea from becoming a bill that could negatively impact our communities across the Southeast.

Each of you understands the ways that your credit union creates positive change within your community. You may be stepping in to provide the only financial services for miles in a community of 1,000 citizens that previously saw another institution close. You may be running multiple financial education programs for the next generation of financial leaders or welcoming students into your branches to gain that in-person financial experience. Whatever it might be, your credit union is changing lives, and it's crucial that leaders in D.C. know all the incredible ways that you're serving their communities back home.

I encourage you to boldly share your experiences. Share data. Share the credit union impact. Your voice this week matters more than ever as we face critical decisions that will shape the future of our industry. Together, we have the power to ensure that credit unions remain a force for good in the communities we serve long into the future. Thank you for taking the time to join us in D.C.; let's make this a productive and impactful week for the credit union movement!

Gratefully,

Samantha Beeler

Stay Connected

Download the 'LSCU Events' app to stay connected throughout the week.

2024 HIKE THE HILL SCHEDULE

Sept. 23-26, 2024

Collaborate › Advocate › Innovate

Monday, September 23

All Day — **Fly in**
Dinner on your own

Tuesday, September 24

8:30 AM — **Legislative and Regulatory Briefing**
The Thompson
Rooftop Venue

10:00 AM — **Meeting with Treasury's Office of Terrorism and Financial Intelligence**
The Thompson
Rooftop Venue

11:15 AM — **Meeting with Renita Marcellin, Senior Advisor to NCUA Board Member Tanya Otsuka**
The Thompson
Rooftop Venue

2:00 PM — **Meeting with Kyle Hauptman, NCUA Vice Chairman**
The Thompson
Rooftop Venue

Tuesday, September 24

3:15 PM — **Meeting with John McNamara, CFPB Markets and Payments Assistant Director**
The Thompson
Rooftop Venue

5:30 - 6:30 PM — **LSCU Reception**
The Thompson
Rooftop Venue

Wednesday, September 25

8:00 AM - 5:00 PM — **Legislative Meetings**
Capitol Hill

6:00 PM — **Reception**
City Club of Washington

7:00 PM — **Dinner**
City Club of Washington

Thursday, September 25

All Day — **Fly Home**

› ADVOCACY STAFF CONTACT INFORMATION ›

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By The Numbers

ALABAMA	FLORIDA	GEORGIA
91 Credit Unions in Alabama	**118** Credit Unions in Florida	**79** Credit Unions in Georgia
2.7M Credit Union Members	**7.4M** Credit Union Members	**2.3M** Credit Union Members
94% Provide Financial Education Services	**98%** Provide Financial Education Services	**93%** Provide Financial Education Services
$460M+ In Financial Benefits to Consumers in 2023	**$1.8B+** In Financial Benefits to Consumers in 2023	**$447M+** In Financial Benefits to Consumers in 2023
16.6K Jobs Supported	**66K** Jobs Supported	**14K** Jobs Supported
$373M Federal and State Tax Revenue Generated	**$2B** Federal and State Tax Revenue Generated	**$387M** Federal and State Tax Revenue Generated
$3.6B Generated in Economic Activity	**$14B** Generated in Economic Activity	**$3B** Generated in Economic Activity

The Credit Union DIFFERENCE

ON A MISSION TO SERVE

Credit unions have a rich history rooted in the simple idea that people could achieve a better standard of living by pooling their savings and making loans to neighbors and co-workers. Rallying around the vision, '***Not for profit, not for charity, but for service***,' the earliest credit union advocates believed in serving their communities and providing critical financial access to all without demanding steep rates and fees to fill the pockets of shareholders. Today, this vision and cooperative principles, that can be traced back as far as 1844, continue to guide the credit union movement.

A COMMUNITY-FOCUSED DIFFERENCE

Serving their communities is the mission credit unions were created for, and this is precisely what the more than **4,600** credit unions across the U.S. do today. Credit unions remain dedicated to the non-profit structure and stewardship focus that sets the industry apart, which translates to massive consumer benefits.

BANKS VS CREDIT UNIONS

BANKS	CREDIT UNIONS
Banks are **for-profit institutions** that are owned by **outside shareholders**, and as a result- like any business- aim to **maximize shareholder profit**. The result for consumers: **higher fees and interest rates and less favorable terms.**	Credit unions are **member-owned, non-profit** organizations focused on stewardship and service. Any earnings are returned to credit union members in the form of **fewer fees, free services, lower interest rates, and community services.**

Concern for Community

Voluntary & Open Membership

Democratic Member Control

Autonomy & Independence

Cooperation Among Cooperatives

Member Economic Participation

Education, Training & Information

CONGRESSIONAL DIRECTORY

Alabama

District	Lawmaker	Party	Office Location	CU Members
1	Rep. Jerry Carl	R	1330 Longworth	332,103
2	Rep. Barry Moore	R	1504 Longworth	312,332
3	Rep. Mike Rogers	R	2469 Rayburn	194,056
4	Rep. Robert Aderholt	R	266 Cannon	258,920
5	Rep. Dale Strong	R	1337 Longworth	317,385
6	Rep. Gary Palmer	R	170 Cannon	250,275
7	Rep. Terri Sewell †	D	1035 Longworth	308,391
Senate	**Sen. Katie Britt**	R	502 Hart	2,730,000
Senate	Sen. Tommy Tuberville	R	455 Russell	2,730,000

Florida

District	Lawmaker	Party	Office Location	CU Members
1	Rep. Matt Gaetz	R	2021 Rayburn	390,695
2	Rep. Neal Dunn	R	466 Cannon	318,997
3	Rep. Kat Cammack	R	2421 Rayburn	239,578
4	Rep. Aaron Bean	R	1239 Longworth	532,159
5	Rep. John Rutherford	R	1711 Longworth	449,230
6	Rep. Michael Waltz	R	244 Cannon	245,164
7	Rep. Cory Mills	R	1237 Longworth	251,609
8	Rep. Bill Posey*	R	2150 Rayburn	298,906
9	Rep. Darren Soto	D	2354 Rayburn	227,563
10	Rep. Maxwell Alejandro Frost	D	1224 Longworth	214,814
11	Rep. Daniel Webster	R	2184 Rayburn	229,673
12	Rep. Gus M. Bilirakis	R	2306 Rayburn	360,220
13	Rep. Anna Paulina Luna	R	1017 Longworth	270,003
14	Rep. Kathy Castor	D	2052 Rayburn	389,269
15	Rep. Laurel Lee	R	1118 Longworth	413,629
16	Rep. Vern Buchanan †	R	2110 Rayburn	316,574
17	Rep. Gregory W. Steube †	R	2457 Rayburn	274,535
18	Rep. Scott Franklin	R	249 Cannon	334,699
19	Rep. Byron Donalds*	R	1719 Longworth	277,088
20	Rep. Sheila Cherfilus-McCormick	D	242 Cannon	146,965
21	Rep. Brian Mast	R	2182 Rayburn	147,534
22	Rep. Lois Frankel	D	2305 Rayburn	111,383
23	Rep. Jared Moskowitz	D	1130 Longworth	114,744
24	Rep. Frederica Wilson	D	2080 Rayburn	169,729
25	Rep. Debbie Wasserman Schultz	D	270 Cannon	156,372
26	Rep. Mario Diaz Balart	R	374 Cannon	180,573
27	Rep. Maria Elvira Salazar	R	2162 Longworth	143,016
28	Rep. Carlos Gimenez	R	448 Cannon	196,396
Senate	Sen. Marco Rubio	R	284 Russell	7,446,543
Senate	Sen. Rick Scott	R	110 Hart	7,446,543

Georgia

District	Lawmaker	Party	Office Location	CU Members
1	Rep. Buddy Carter	R	2432 Rayburn	213,662
2	Rep. Sanford Bishop Jr.	D	2407 Rayburn	221,232
3	Rep. Drew Ferguson †	R	2239 Rayburn	199,306
4	Rep. Hank Johnson Jr.	D	2240 Rayburn	263,258
5	Rep. Nikema Willians*	D	1406 Longworth	216,988
6	Rep. Rich McCormick	R	1213 Longworth	187,504
7	Rep. Lucy McBath	D	2246 Rayburn	201,465
8	Rep. Austin Scott	R	2185 Rayburn	246,478
9	Rep. Andrew S. Clyde	R	445 Cannon	151,726
10	Rep. Mike Collins	R	1223 Longworth	188,836
11	Rep. Barry Loudermilk*	R	2133 Rayburn	219,952
12	Rep. Rick Allen	R	462 Cannon	212,214
13	Rep. David Scott*	D	468 Cannon	274,426
14	Rep. Marjorie Taylor Greene	R	403 Cannon	246,348
Senate	Sen. Jon Ossoff	D	303 Russell	3,151,359
Senate	**Sen. Raphael Warnock**	D	416 Russell	3,151,359

Legend

Bold indicates member of the Senate Banking Committee.

* Indicates members of the House Financial Services Committee.

† Indicates Member of the Ways and Means Committee.

LEGISLATIVE '24 PRIORITIES

PRESERVE THE CREDIT UNION TAX EXEMPTION

- Under the Trump Administration, the *Tax Cuts and Jobs Act* (TCJA) was passed in 2017, changing deductions, depreciation, expensing, tax credits, and other items that affect businesses and individuals. The law featured a new, lower corporate rate of 21% and preferable tax treatment of pass-through companies.
- With these tax cuts set to expire in 2025, members of Congress are looking at nonprofits such as hospitals and universities to pay for extensions to this legislation. Bankers are urging Congress to re-examine the credit union tax exemption as part of this process.
- Credit unions make substantial contributions to state and federal tax revenue through direct, indirect, and additional taxable earnings. In 2023, credit unions generated significant tax revenue (Alabama = $372.9M, Florida = $1.6B, Georgia = $387M). Claiming that credit unions do not pay taxes is a dubiously false narrative.
- Credit unions' unique structure allows us to serve communities often left behind and overlooked by banks. As not-for-profits, credit unions are consistently working to provide the most affordable financial services to consumers who need them most.

Senate/House Ask: Preserve affordable access to financial services by opposing efforts to tax credit unions.

REJECT EFFORTS TO SUBJECT CREDIT UNIONS TO CRA

- Following a history of redlining, for-profit banks are subjected to the *Community Reinvestment Act*, which requires banks to better meet the needs of low-income, minority, and underserved communities.
- On the contrary, not-for-profit credit unions have never been subjected to similar reporting because they organically seek and serve these communities without government oversight. Data and history prove that credit unions proudly fulfill their fundamental duties to serve the underserved.
- Credit unions operate 21% of financial institution branches but accounted for 36% of "cured" banking deserts since 2019.
- Credit unions meet or exceed bank performance across key demographics when it comes to share-of-portfolio – including share of loans to Black, Hispanic, and low-to-moderate income borrowers.
- 55% of all credit unions already have a low-income designation.

Senate/House Ask: Reject efforts to apply the *Community Reinvestment Act* to credit unions.

OPPOSE THE CREDIT CARD COMPETITION ACT (INTERCHANGE)

- The *Credit Card Competition Act* (S. 1838/H.R. 3881) was introduced in June 2023 to further regulate the credit card market. This legislation, an extension of the original Durbin Amendment, would require covered card issuers (issuers over $100 billion 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. (Visa or Mastercard).

- Interchange fees are fees paid by merchants for the privilege of accepting payment cards and receiving swift payment for services. Financial institutions report that it costs $0.23 more to process a transaction than what is received in interchange.
- While the intention of the original Durbin Amendment was to reduce consumer prices by regulating debit card interchange fees, 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 of the Amendment. The original Durbin Amendment also resulted in the fraud rate for debit cards increasing by nearly 60%. Likewise, this ill-advised 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 that do not secure their payment data. Interchange fees cover the cost of fraud detection, credit monitoring, fraudulent purchase protection, and more.

Senate/House Ask: Reject efforts to advance or grow support for this legislation. Rather than altering credit card fees that already work, consider enacting nationwide data security legislation that will protect consumers' data.

ENABLE CREDIT UNIONS TO PREVENT FRAUD BEFORE IT HAPPENS

- The *Protecting Consumers from Payment Scams Act* (S. 4943 and H.R. 9303) was introduced by Senators Richard Blumenthal (D-CT) and Elizabeth Warren (D-MA) and Rep. Maxine Waters (CA-43) in an effort to protect consumers when they are defrauded into initiating a transfer to a bad actor, lose funds through a transfer, and when accounts may be frozen or closed.
- The bill would amend the *Electronic Fund Transfer Act* (EFTA) to define an unauthorized transfer as one that includes a fraudulently induced transfer, requiring credit unions and other financial institutions to reimburse consumers for this type of fraud. It would also define merchant charges for undelivered goods as errors along with misdirected payments resulting from information a consumer initially provided. EFTA's current carve-out for wire transfers would also change, with the bill treating remittance transfers the same as other electronic fund transfers subject to EFTA's framework for error resolution and consumer reimbursement.
- Credit unions are spending more than ever before to combat fraud, and this legislation would only impose further costs on credit unions while doing nothing to prevent fraud.
- Credit unions support efforts to stop fraudulent schemes and invest in robust compliance programs to limit this activity, but the expansion of credit unions' liability for the misdeeds of fraudulent actors would have the unintended effect of limiting consumer choice and access to services.
- Legislation should seek to prevent fraud before it happens and should bolster resources to support law enforcement, educate consumers about fraud and scam risks, and create a level playing field between insured financial institutions and underregulated companies.

Senate Ask: Protect consumer access to financial services through rejecting efforts to advance S. 4943.
House Ask: Protect consumer access to financial services through rejecting efforts to advance H.R. 9303.

INCREASE CONGRESSIONAL OVERSIGHT OF CFPB

- The funding of the CFPB, which comes from the Federal Reserve as opposed to the congressional appropriations process, is currently being considered by the Supreme Court. Bringing the agency under the appropriations process would ensure greater accountability and H.R. 1382 would do just this. Further, H.R. 1411/S. 915 (sponsored by Sen. Rick Scott [R-FL]) would require Senate confirmation of the CFPB's Inspector General, adding another layer of accountability.

- H.R. 1410/2798 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, including the Federal Reserve, the FDIC, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.
- We have witnessed inflammatory and dangerous rhetoric from the CFPB that harms consumers, financial institutions, and businesses. The comments we have heard from the CFPB in recent months will deter consumers from banking with a trusted financial institution and could eventually turn consumers toward predatory payday lenders.
- 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.
- Thank you to Sen. Scott (R-FL) and Reps. Rogers (AL-03), Posey (FL-08), Bilirakis (FL-12), Donalds (FL-19), Carter (GA-01), Clyde (GA-09), Loudermilk (GA-11), and Allen (GA-12) for cosponsoring.

Senate Ask: Please support S. 915 and other related legislation upon introduction. The contact for Republican offices is Katie_Weissert@rickscott.senate.gov and the contact for Democrat offices is Gabrielle_Elul@warren.senate.gov.
House Ask: Please cosponsor and support H.R. 1382, H.R. 1410, H.R. 1411, and H.R. 2798. The contacts are Megan.Guiltinan@mail.house.gov and Mitch.Erdel@mail.house.gov.

REGULATORY '24 PRIORITIES

NCUA: SUCCESSION PLANNING

- We appreciated the robust discussion that followed the NCUA's solicited input on succession planning in 2022. We believed then, as we do now, that assistance in educating credit union boards and executives on the importance of well-defined operations and resources to assist in succession planning, rather than the newly proposed rule, would be most productive and impactful. The potential rule is overly prescriptive and will significantly impact smaller credit unions, create unnecessary paperwork, and lead to less focus on day-to-day operations.
- Instituting a formal rule on succession planning will lead to additional regulatory burdens. Credit unions continually note that burdens like the proposed often lead to the consideration of a merger or consolidation. By placing prescriptive regulations on succession planning, the NCUA may inadvertently accelerate this trend. Instead, the NCUA should consider issuing a letter outlining succession planning expectations and highlighting existing dedicated resources and tools. Such action would provide ample guidance without placing regulatory pressures on credit unions. What specific steps does the NCUA recommend that we take now to create a viable succession plan?
- Broad, overly cumbersome regulations strain the finite resources of community-based credit unions and often result in their exit from markets or a reduction in product offerings. The outcome for consumers is limited access to locally provided financial services. The NCUA should work more frequently with credit unions to gain insight into potential regulatory outcomes.

NCUA Ask: Provide guidance on succession planning to educate credit unions instead of issuing a formal rule.

NCUA: CONSUMER PROTECTION AND “JUNK FEES”

- Credit unions are on the front lines of consumer protection and continuously work to combat fraud, stop bad actors, and prevent criminals from accessing critical data. We strongly agree with the NCUA that consumers must be protected; however, we have serious concerns about the mislabeling of vital services as ‘junk fees.’
- We have concerns about the ramifications of recent NSF and overdraft reporting requirements, and we strongly oppose any further expansion of fee reporting that would mandate more credit unions to report or pave the way for additional reporting requirements. We believe that publishing this information with little context puts credit unions' hard-earned reputations at risk. Does the NCUA anticipate issuing rulemaking that would require additional credit unions to report on NSF and overdraft income?

NCUA Ask: Drop any attempts to expand fee reporting to additional credit union asset sizes and reverse the decision to make fee reporting mandatory.

NCUA: EXECUTIVE COMPENSATION

- We are concerned that the NCUA is moving forward with an open-ended comment period on incentive-based compensation arrangements that does not have the backing of the Federal Reserve and the Securities and Exchange Commission, two critical agencies needed to publish the rule. This is not an efficient use of the agency's (or credit unions) time or resources.
- With consideration to requiring federal credit unions to provide information about executive compensation under IRS Form 990, we oppose efforts to release this information due to the overly rigid requirements that will harm talent recruitment and retainment while also ignoring individual business models and risk profiles.

NCUA Ask: Rather than implementing rules related to executive compensation, engage credit unions across the country to help develop new talent pipelines and retainment strategies.

CFPB: FRAUD PREVENTION AND DETECTION

- Fraud continues to present serious challenges to financial institutions and, as a result, prevention remains top-of-mind for credit unions. As credit unions continue to dedicate significant resources to fraud prevention each year, one area of frustration remains the lack of oversight for FinTechs.
- FinTechs should not be allowed to continue operating with many of the same benefits as financial institutions, without being subject to the same rules. At present, credit unions bear the brunt of fraud costs, while FinTechs rarely need to worry about covering for fraud losses. It is not reasonable for traditional financial institutions and FinTechs to continue under vastly different rules as it relates to fraud prevention and detection.
- Recently, Director Chopra testified that many data aggregators are subject to supervision under the CFPB’s existing authorities. LSCU agrees with the CFPB’s assessment and encourages the agency to bring more FinTechs under the regulatory requirements that the vast majority of financial institutions comply with on a daily basis. What is the CFPB doing to ensure there is a level playing field that protects consumers?

CFPB Ask: Establish firm oversight rules for FinTechs that maintain healthy competition, protect consumers, and ensure that all financial institutions play by the same rules.

CFPB: FEES

- Director Chopra has continued to highlight so-called “junk fees” as a priority issue for the Bureau, which has resulted in three separate fee-related rules aimed at eliminating NSF swipe fees, banning “excessive” credit card late fees, and restricting overdraft services. The CFPB has also launched enforcement actions to rein in mortgage servicers and loan providers. Credit unions offer services that benefit their members and provide the type of relationship banking the CFPB Director has stated he wants to return to. Credit unions are the original consumer financial protectors. We do not prey on our members.
- Stripping away crucial assistance like courtesy pay programs or overdraft protection puts the most vulnerable at risk. If a consumer cannot rely on a trusted financial institution to cover an unexpected expense, that individual, without access to a reputable option, will likely be forced to a predatory lender.
- Pushing consumers away from respected financial institutions that charge relatively low fees is short-sighted and may prove economically disastrous for the very people this effort is attempting to help.
- All consumer financial service fees are subject to rigorous disclosure requirements pursuant to applicable statutes and regulations, many of which are administered by the CFPB itself. Not to mention, consumers opt in to courtesy pay programs and overdraft fees.
- Credit unions do not spring surprise fees on consumers. The Bureau is well aware of these requirements, so to claim that consumers are caught unaware of fees, or that “true costs” are being “hidden,” is misguided.

CFPB Ask: Rather than deepening public distrust in the financial system, work with trusted partners like credit unions to preserve and protect access to affordable and responsible financial services.

DEPARTMENT OF TREASURY: FRAUD

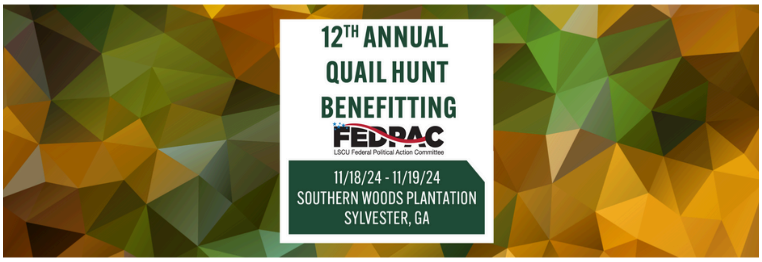
- Credit unions are eager to partner with the Department of Treasury to stop fraud and the double-digit growth in fraud losses we see year after year. This exponential growth, and the associated costs that financial institutions cover associated with criminal behavior, are unsustainable. Credit unions will readily join with the Department of Treasury to proactively halt fraudulent activity that puts consumers at risk. We encourage Treasury to support working groups that openly share information across agencies and with financial institutions.
- We are increasingly concerned with the uptick in financial fraud that is originating from overseas. Can you outline the current domestic and international trends you are observing in financial fraud? How can credit unions continue to be good partners and fight fraud more efficiently?

Treasury Ask: Work with financial institutions and other agencies to identify bad actors and create more opportunities for information sharing to stop the substantial uptick in fraud.

IMPORTANCE OF CREDIT UNIONS IN THE FINANCIAL ECOSYSTEM

- Credit unions are a vital component of the financial ecosystem. We fill the gaps in underserved communities, offer financial services in rural towns that are often overlooked, and provide crucial access to credit for consumers who might have a harder time qualifying at a large bank. Credit unions are often the only local financial institutions serving these consumers and are working to heal banking deserts across the country. As member-owned cooperatives, credit unions strive to put their members first by emphasizing financial education and empowerment that help members make sound choices and create a stronger financial future.
- According to the NCUA, since 2012, banks have closed 19,000 branches while credit unions have opened a net 1,400 branches. Since 2019, rural areas have been hit particularly hard, witnessing more than a third of their bank branches shutter. Conversely, credit unions continue to serve these areas, increasing their presence in these communities by 2.4%.

UPCOMING ADVOCACY EVENTS *Join us!*



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