Credit Union Advocacy

CEO Council Conference
October 2018
Roadmap

• Our Advocacy Agenda
• Outlook in Congress
• Looking ahead to 2019
• Bank Attacks
• Litigation Threat
• Advocacy Checklist
Our advocacy goal

To revolutionize the environment for credit unions to serve their members through the removal of regulatory barriers and expansion of credit union powers and opportunities.
Our advocacy agenda

Reduce Regulatory Burden
So credit union members have access to more efficient and affordable financial services from credit unions

Enhance Payments Security
To reduce the impact that merchant data breaches have on credit unions and their members

Preserve the Credit Union Tax Status
So that credit union members continue to enjoy not-for-profit cooperative financial services

Expand Credit Union Powers
So consumers and small businesses can more easily access the credit union services they need and demand
Fierce, bold 360 advocacy

Attack issues from all angles

Saturate policymakers with our message in Washington and in states

United CUNA/League/Credit Union advocacy army
# Recent Credit Union Advocacy Wins

*Together we...*

- Repelled state bank attacks and enhanced credit union charters in several states
- **Held data compromisers accountable**
  - Got credit unions rebates from NCUA instead of premiums
  - Successfully defended the MBL rule against banker attacks in court
  - Increased CDFI funding as the Administration proposed to zero it out
  - Defeated the CFPB's Arbitration Rule
- **Enacted regulatory relief legislation (S. 2155) that included a provision to exempt 1-4 family NOO loans from MBL cap**
- **Preserved the federal tax status**
- Successfully defended NCUA's independence
- **Convinced the CFPB to tailor its payday rule**
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.
CUNA / League System Outperforms the Industry on Each Individual Strategy that Drives Effectiveness in Washington

All Advocacy Activities Studied
Comparison to Financial Services Peer Average

Framing: CUNA +4.0, Financial Services +1.9
Research and Data: CUNA +2.3, Financial Services +1.9
Compromise: CUNA +6.0, Financial Services +6.6
Industry Leadership: CUNA +7.2, Financial Services +6.6
Industry Voice: CUNA +8.5, Financial Services +4.4
Lobbyists: CUNA +1.9, Financial Services +1.9
Executives: CUNA +6.6, Financial Services +3.2
Partnerships: CUNA +1.9, Financial Services +4.4
Public Eng.: CUNA +3.2, Financial Services +4.4
Amplification: CUNA +4.4, Financial Services +4.4

Source: Ballast Research survey and analysis. Interview verbatim edited slightly for clarity.
CUNA / League System is the Leading Association at Representing the Interests of its Members

Industry Voice
Comparison Across All Associations Studied

**Survey Question:** “The organization represents the **voice of the entire industry** and/or the interests of all its members.”

Source: Ballast Research survey and analysis. Interview verbatim edited slightly for clarity.
Outlook for Congress

• Time is short.
• Priorities are focused:
  • Kavanaugh Confirmation
  • Government Funding
• Lame duck session absolutely certain
  • Government funding
  • Additional Confirmations (possibly BCFP and NCUA)
  • Jobs 3.0?
  • Tax 2.0 or Tax Corrections?
Democrats win the House

GOP hold the Senate

Committee | Chair
--- | ---
Financial Services | Maxine Waters
Ways and Means | Richie Neal
Banking | Pat Toomey or Mike Crapo
Finance | Mike Crapo or Chuck Grassley

Outlook in Congress

- House Democratic Leadership Uncertain.
- House: Progressive agenda with emphasis on oversight, investigation and impeachment
- Senate: Resists House agenda and presses forward on regulatory relief.
- Low Likelihood of legislative progress.
Scenario 1- Blue Wave

Outlook in Congress

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Opportunities and Challenges for Credit Unions

• Be prepared for hearings centering on diversity and inclusion in financial services sector.
• We may be able to advance some charter enhancement legislation, but we must guard against charter enhancement being made partisan.

Possible
Credit Union Powers
Data Security
Elements of JOBS 3.0
BCFP Commission
GSE Reform

Unlikely
Cannabis
CRA Modernization
Democrats take over the House and the Senate

**Scenario 2 - Blue Tsunami**

**Outlook in Congress**
- Coordinated progressive agenda with emphasis on oversight, investigation and impeachment
- Very low likelihood of legislative progress because of presidential veto and filibuster.

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<thead>
<tr>
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Scenario 2 - Blue Tsunami

Outlook in Congress

- Coordinated progressive agenda with emphasis on oversight, investigation and impeachment
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Opportunities and Challenges for Credit Unions

- Playing a LOT of defense on:
  - Diversity and inclusion
  - HMDA
  - CRA
  - Privacy
- Charter Enhancement
- Data Security

Possible
- BCFP Commission
- CRA Modernization
- Rollback of S. 2155
- HMDA Expansion

Credit Union Powers
- Data Security
- Flood Insurance
- GSE Reform
- Cannabis Banking
Scenario 3 – Red Wall Holds

**GOP hold the House and the Senate**

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<td>Financial Services</td>
<td>McHenry, Luetkemeyer, Lucas, Stivers</td>
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**Outlook in Congress**

- Not much change except the GOP will feel emboldened by an electoral mandate.
- Regulatory Relief Possible
- Tax Reform 2.0 Possible
Scenario 3 – Red Wall Holds

Outlook in Congress
• Status Quo plus electoral mandate
• Additional Regulatory Relief Possible
• Tax Reform 2.0 Possible

Opportunities and Challenges for Credit Unions
• Charter Enhancement in the context of regulatory relief
• Threat to tax status

Likely
BCFP Commission
Elements of JOBS 3.0
Tax Reform

Possible
Data Security
Flood Insurance
GSE Housing Finance Reform
We envision no scenario in which either party has a super majority in the Senate.

There is virtually zero likelihood that the Democrats Control the Senate but not the House.

We believe that Congress could attempt BSA/AML Reform in every scenario except Blue Tsunami.

In an environment in which nothing is expected to get done, anything is possible.
Bank Attacks

- State tax status attacks
- Federal tax status attacks
- Other state activity
- Service to military bases
- Community Reinvestment Act reform
- Field of Membership litigation
- Political spend and sophistication
- Earned, Place and Social Media hits

Accelerants

- Disruption in national Trades: FSR + Clearing House = Bank Policy Institute
- New leadership at ICBA: Something to prove.
- Credit union success on S. 2155 and H.R. 1: WE WON; THEY LOST.

All of this puts pressure on banking trades to deliver.
The Next Time You Look In the Mirror
I Hope You’re Staring at a
Credit Union Political Advocate

Long Beach Chapter Meeting
March 14, 2007

Ryan Donovan
Director of Federal Government Affairs
California and Nevada Credit Union Leagues
Bankers’ Unprecedented, Coordinated Effort to Eliminate Credit Union Competition
Pit large CUs against small CUs

“We have no problem with small credit unions, it’s those big, bad credit unions that are acting like banks that make it difficult for us to compete and who should be taxed and should be subject to CRA.”

– Summary of ABA Testimony
Hearing on Regulatory Relief, October 18, 2005
Shake Public Confidence in CUs

"CURIA has moved the debate out of a fairness battle and into a battle over the safety and soundness of financial institutions."

"...[C]redit unions are just like banks except they don’t worry about old-fashioned terms like safety and soundness."
Beat Credit Unions at Their Own Game

http://www.aba.com/Industry-Issues/OperationCreditUnions.htm
Bankers’ Master Plan

- Suppress Growth
- Get ‘em Taxed

**“Contain & Convert”**
a.k.a. “Divide & Conquer”

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**Large CUs**

- Convert to MSBs
- Become one of us

**Small CUs**

- Absorb costs & lose scale of CU system
- Run out of business / Too small to affect market

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**End Game:** Eliminate CU competition—large & small CUs.

⇒ Banks can maximize profits for investor shareholders.

**NCUA, Corporate CU system, Shared Branch Network, ATM Networks, Indirect Lending, etc.**
含制与转换信用合作社

“作为美国银行家协会信用合作社协调委员会的联席主席，我们的国家战略一直是信用合作社的‘ containment and conversion.’”

- Jeff Plagge
  银行总裁兼首席执行官
  第一国家银行
  （给爱荷华州银行家的信，2005年9月）
March 7, 2006

“In 1998, [ABA Chairman Harris Simmons’] bank ... fought for language in a bill before Congress creating an avenue for credit unions to convert to banks.”
Distract Congress from Passing CU Legislation

Former U.S. Congressman Bill Thomas (R-Bakersfield, CA)  
Chairman, House Ways & Means Committee

Fallout of November 2005
House Ways & Means Hearing:

• NCUA Data Collection/MSAP Pilot
• GAO Report on CU Service
• Credit Union Legislative Agenda Languishes
Stop CU Charter Expansions

• ABA sues NCUA (H.R. 1151 Interpretation)
  – *Letter* vs. *Spirit* of the Law

• ➔ *Consumers Everywhere Lose*
  – Oakland, CA:
    • Single Sponsor Application Pending
    • Poorest communities go without access.

• *Banker Hypocrisy* with Congress:
  – “CUs don’t serve people of modest means.”
  – (Never mind that we quashed the enabling CU legislation Congress intended w/ passage of HR 1151.)
Bank Attacks

- State tax status attacks
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Mitigation

- Reorganized NARP to ensure long-term viability.
- Regularly in the field with polling (coordinated with leagues) to assess impact of our messaging and theirs.
- Reorganized CUNA’s State Governmental Affairs to ensure we are well position to assist Leagues with state-based attacks, as we did in Iowa.
- Making investments in data and research capabilities, including state and local data.
- Stress test our capabilities to identify gaps and weaknesses.
Litigation activity can impact credit union public policy.

Post-Cordray, we expect this to increase.

As part of implementing CUNA’s strategic plan, additional resources are being dedicated to engaging in legal advocacy efforts.

This helps us complete the 360 degree advocacy circle.

Litigation Threats

- Field of Membership – Amicus
- TCPA – Amicus and FCC Petition
- CFPB Leadership – Amicus
- Equifax – Named plaintiff
- Wendy’s – Named plaintiff
- Interchange Surcharging – Amicus
- ADA Website – Amicus
- Overdraft – Amicus
- Remote Deposit Capture - Potential
- FCRA -- Potential
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
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](http://www.pzconline.com)
- Call CUNA at 202-508-6708
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
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
- Stay informed
Stay Informed

• Nussle Report
• Advocacy Update
• Removing Barriers Blog
• League Newsletters
• CUNA News
• CUNA Magazine
• E-Scan
Contact me
Ryan Donovan
rdonovan@cuna.coop
202 508 6750

Connect with CUNA
CUNA News
CUNA’s Advocacy Update
The Nussle Report

Thank you!

Update your communication preferences at cuna.org/mycuna