



July 13, 2022

Honorable Stephen Lynch
Chairman
Subcommittee on National Security
House Committee on Oversight
and Reform
2157 Rayburn House Office Building
Washington, D.C. 20515

Honorable Glenn Grothman
Ranking Member
Subcommittee on National Security
House Committee on Oversight
and Reform
2157 Rayburn House Office Building
Washington, D.C. 20515

Re: Protecting Military Servicemembers and Veterans from Financial Scams and Fraud

Dear Chairman Lynch and Ranking Member Grothman:

We are writing regarding the Subcommittee on National Security's hearing titled "Protecting Military Servicemembers and Veterans from Financial Scams and Fraud". Thank you for bringing attention to this important issue by holding this hearing.

For over one hundred years, credit unions in the United States have championed the financial safety and inclusion of its members as part of their mission and ethos. With an emphasis on building financial well-being as a foundational principle, the industry and its members continue to thrive. Today, with over 130 million memberships, America's credit unions continue to excel in providing safe financial products and services in underserved communities all around the United States.

Military installations are no different. Historically, military bases were in remote areas with little access to the financial service sector. Defense credit unions were the first to fill the void since the law prohibits DoD from providing these services and banks did not see much profit. The requirement continues to this day.

Defense credit unions and their strong focus on military and veteran members have allowed servicemembers to flourish due to strong commitment in building financial readiness. Financial wellness programs have always been part of the credit union experience which allows credit unions to succeed where DoD is unable. As trusted financial advisors, our member credit unions can examine a servicemember's financial health by looking at actual financial transactions, account balances, and other measures of credit worthiness.

Plus, financial wellness is not DoD's core mission or its strong suit. Without the necessary access to individual financial data, all DoD can offer is broad information and advice that fails to address specific member financial needs. While the DoD is currently spending taxpayer dollars to train and hire in-house financial advisors, it simply is not the same quality they already get for free.

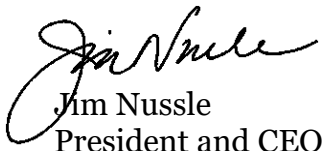
Plus, there is an important trust factor to consider. Survey after survey reveal that servicemembers are less likely to share personal financial data with someone in or associated with the chain of command. If a military member has mismanaged their finances, find themselves in a troublesome situation, or cannot make ends meet; the last person they want to tell is their boss, commander, or government contractor. Problems go unmasked and financial wellness fails to improve. Thus, credit unions offer a natural, and safe alternative and provide this service for free.

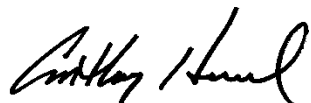
Defense credit unions are also the first line of defense against many unscrupulous and predatory actors located off the installation. In accordance with their operating agreements, defense credit unions are not only regulated by federal and examiners, but they are also subject to DoD regulations. As such, protecting each member is a role defense credit unions take very seriously and one they take pride as part of maintaining our nation's military readiness.

Today there is more pressure on military families due to inflation, rising interest rates, and supply chain disruptions. The stress on military families is especially challenging as servicemembers struggle to live on a tighter budget. Now, more than ever, is the time to guard against all kinds of fraudulent schemes, charities, and organizations that fail to deliver on any promise and cripple our nation's defense.

We hope the committee will recognize the role of defense credit unions have in educating servicemembers and veterans about these risks, particularly as the number of scams targeting the military community continues to grow. Defense credit unions do an amazing job in putting our members financial interest first—ahead of profit. With our dedicated service, not-for-profit structure, and a well-established ethos, we are confident America's credit union can continue to provide this necessary training. Our servicemembers deserve no less.

Sincerely,


Jim Nussle
President and CEO
CUNA


Anthony Hernandez
President and CEO
DCUC