



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Jason Stverak**  
Chief Advocacy Officer

January 16, 2025

The Honorable Andy Barr  
Chairman  
Financial Institutions and Monetary Policy Subcommittee  
Financial Service Committee  
United States House of Representatives  
2430 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Barr,

On behalf of the Defense Credit Union Council (DCUC) and the millions of service members and their families who rely on credit unions for affordable and mission-focused financial services, I want to commend your leadership in introducing legislation to support the formation of new banks through your de novo bank bill. Your focus on reducing barriers to entry in the financial sector is critical to fostering competition and ensuring that consumers, particularly those in underserved communities, have access to a robust and diverse range of financial institutions.

DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets.

While your legislation addresses an important need, we urge you to consider extending similar support to credit unions, particularly those looking to start new (de novo) credit unions. The process of chartering a new credit union today is fraught with regulatory and operational challenges, making it nearly impossible for aspiring credit union founders to meet the needs of their communities. Since 2015, only a handful of new credit unions have been chartered, a concerning trend that underscores the significant hurdles we face.

Aspiring credit union founders encounter numerous challenges, including:

1. **Complex and Lengthy Approval Process:** The National Credit Union Administration (NCUA) requires a burdensome application process that can take years to navigate. Many potential organizers lack the time and resources to meet these requirements.
2. **Capitalization Challenges:** Unlike banks, which can rely on external investors to raise initial capital, credit unions are limited to retained earnings for growth and must operate under strict net worth requirements. This makes it extremely difficult for new credit unions to gain a foothold.
3. **Lack of Operational Support:** De novo credit unions often lack access to technical assistance and operational resources, such as expertise in compliance, technology, and marketing.
4. **Regulatory and Compliance Burdens:** The complexity of meeting compliance requirements under the Bank Secrecy Act (BSA), Anti-Money Laundering (AML) rules, and other regulatory obligations is particularly daunting for small and emerging credit unions.
5. **Restrictive Field of Membership Rules:** Credit unions must navigate stringent field of membership requirements, which limit their ability to serve broader communities.

*Serving Those Who Serve Our Country*

We echo the comments of current NCUA Vice Chairman Kyle S. Hauptman He has emphasized the need to simplify the process of establishing new credit unions. In a statement during the NCUA Board Briefing on New Charter and Field of Membership Update in October 2024, he highlighted that the new credit union charter process has been a priority for him since his first Board Meeting in December 2020. He noted that forming a credit union has historically been a means to achieve financial inclusion for various groups but acknowledged that the process has become more complex over time, often taking years to complete.

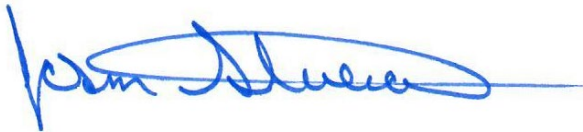
We respectfully ask for your support in introducing complementary legislation to your de novo bank bill that would address these challenges for credit unions. By creating a more favorable environment for starting new credit unions, Congress can empower communities to establish financial institutions that are not only mission-driven but also better aligned with the unique needs of their members.

We would greatly appreciate the opportunity to meet with you and your team to discuss this matter in greater detail and to explore potential legislative solutions. Please let us know a time that works best for you, and we would be happy to accommodate your schedule.

DCUC stands ready to work with you and your committees to advance legislation that preserves access to overdraft services and upholds the credit union mission of serving those who serve our country.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,



Jason Stverak  
Chief Advocacy Officer  
DCUC

CC: House Financial Services Committee Members