



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak  
Chief Advocacy Officer

November 14, 2024

The Honorable French Hill  
1533 Longworth House Office Building  
Washington, DC 20515

Dear Representative Hill:

I am writing on behalf of the Defense Credit Union Council (DCUC) and nearly 200 defense credit unions representing almost 40 million members after reading about your proposal to ***"Make Community Banking Great Again."*** I was encouraged by your steadfast commitment to strengthening community centric banking and ensuring that financial institutions are equipped to meet the needs of all Americans. I think everyone can agree that fostering a vibrant and resilient financial ecosystem is critical to our nation's economic health and security.

While your vision to ***"Make Community Banking Great Again"*** is both timely and essential, I would urge you to expand your vision for community based financial institutions to include specific reforms to grow and support credit unions as a vital component of this effort.

As you know, credit unions play a unique and indispensable role in our financial system, often serving areas and populations that community banks may not reach. This includes rural communities, underserved urban neighborhoods, and members of our armed forces and their families.

Currently, America faces an alarming increase in banking deserts—areas where traditional bank branches have closed, leaving residents without access to essential financial services. According to a 2022 FDIC report, nearly 4.5% of U.S. households were unbanked, with rural areas and low-income communities disproportionately affected. While banks have been cutting branches, reducing their footprint by over 11,000 branches since 2008, credit unions have been stepping in, opening new branches and providing essential services where they are needed most. Notably, when banks sell branches to credit unions, these locations often remain open and maintain their vital connection to the community, preserving jobs and access to financial services that might otherwise be lost.

Credit unions are member-owned, not-for-profit financial cooperatives that reinvest in their communities and provide vital financial services tailored to their members' needs. They foster financial inclusion by serving low-income populations, rural areas, and small businesses—segments often neglected by larger institutions. Their structure and mission align closely with your goal of fostering continuity institutions—those that remain steadfast in their service to local communities, even during challenging economic times. Supporting and growing credit unions ensures that financial choice and access are preserved, particularly in regions where banking deserts are becoming more prevalent.

*Serving Those Who Serve Our Country*

Credit unions are especially critical to serving our military service members, veterans, and their families both in the United States and overseas. Defense credit unions often operate on military bases worldwide, providing tailored financial services such as low-interest loans, deployment-related assistance, and financial education programs. These institutions play a vital role in ensuring financial readiness for our military personnel and offer an essential lifeline to those stationed in remote or underserved locations. Overseas, credit unions are sometimes the only available financial institutions, ensuring continuity of service for military families.

Moreover, credit unions' contributions to the broader financial ecosystem are significant. They offer competitive rates on loans and savings, reinvest profits into member services, and act as a counterbalance to for-profit financial institutions. In a time when large banks are consolidating and reducing local access, credit unions and community banks step in to fill the void, keeping financial services anchored in the communities that need them most.

To further strengthen our financial ecosystem, it is essential to actively promote the establishment of new credit unions. New credit unions can address unmet needs in underserved areas and offer an alternative to regions neglected by larger financial institutions. Supporting policies that encourage credit union formation will bolster the network of community-focused financial institutions and ensure a more comprehensive coverage of financial services nationwide.

To this end, we recommend the following considerations as part of your broader efforts:

**Modernizing Credit Union Legislation:** Passing veterans member business lending legislation to expand credit unions' capacity to serve our military families and small business entrepreneurs, many of whom are struggling to access traditional sources of credit. According to SBA data, small business loans from banks have decreased by over 20% in the past decade, leaving a significant gap in available credit. Credit unions, however, are constrained by outdated business lending caps that limit their ability to meet this need.

**Protecting Credit Union Independence:** Preserving the National Credit Union Administration (NCUA) as an independent regulator, ensuring that credit unions are not swept into overregulation designed for for-profit banks.

**Resisting Harmful Regulation:** Opposing proposals to expand the Community Reinvestment Act (CRA) to credit unions, as their mission already aligns with serving underserved and low-income populations without additional regulatory burdens.

**Ensuring Fairness in Interchange Fees:** Blocking efforts to alter the current credit card interchange system, which would disproportionately harm small financial institutions, including credit unions, and limit their ability to offer affordable services to members.

Community banks and credit unions are both vital to serving areas forgotten by larger banks. By championing policies that promote the growth and establishment of these institutions, we can ensure that all Americans have access to reliable and affordable financial services. Credit unions, in particular, are essential continuity institutions that provide stability and trust in a time of financial uncertainty. Moreover, the collaboration between banks and credit unions, such as branch sales, underscores the importance of preserving financial services in local communities.

Credit unions are a vital part of the American financial ecosystem. Now is the time to enact policies that grow both community banks and credit unions, ensuring that every community has access to the financial services they need. By including these reforms in your broader efforts to strengthen community banking, you can ensure a more inclusive and resilient financial system that benefits all Americans. Together, we can create a financial environment where both community banks and credit unions thrive side by side, each addressing unique needs in the communities they serve.

Please know that we and our members always look for opportunities to work with their military bank counter parts to offer the widest range of options for active-duty service members, veterans and their families.

I deeply appreciate your leadership and advocacy on behalf of community-focused financial institutions and stand ready to support you in this important work. Thank you for your continued dedication to our nation's financial well-being.

We would request the opportunity to sit down with you and your team soon to discuss the issues raised in our letter. We are happy to coordinate participation with our member institutions from Arkansas.

please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal flourish extending to the right.

Jason Stverak  
Chief Advocacy Officer  
DCUC