



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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January 30, 2025

The Honorable French Hill
Chairman
Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters:

On behalf of the Defense Credit Union Council (DCUC) and the millions of service members, veterans, and military families we serve, we submit this letter in advance of the hearing titled *“Make Community Banking Great Again.”* As you conduct this important hearing on the state of community based financial institutions and services, we strongly urge Congress to adopt policies that support both credit unions and community banks while ensuring a fair and competitive financial marketplace that prioritizes consumer choice, financial stability, and access to affordable financial services for every American.

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.

Credit unions provide an essential service to over 140 million Americans (NCUA, 2023). Their not-for-profit, member-owned structure ensures that earnings are reinvested into their communities, leading to better rates, lower fees, and more personalized service than many for-profit institutions. This structure has historically benefited military families, middle-class Americans, and underserved communities, where credit unions often serve as the only viable financial institution.

Moreover, credit unions consistently provide financial services to low- and moderate-income (LMI) communities, with over 70% of credit union branches located in these areas (National Credit Union Foundation, 2022). This is a stark contrast to larger banks, which have continued to close rural and LMI branches, leaving many Americans without access to financial services.

The Credit Union Difference: Consumer Benefits & Financial Stability

According to CUNA’s 2023 Credit Union Member Benefits Report, credit unions saved their members over \$16.5 billion in direct financial benefits compared to bank customers in the past year alone.

The Consumer Financial Protection Bureau (CFPB) found that credit unions offer lower credit card interest rates and fewer hidden fees compared to major banks, leading to real savings for consumers (CFPB, 2023).

Serving Those Who Serve Our Country

Credit unions offer better rates on mortgages, with an average 30-year fixed mortgage rate 0.25% lower than the national bank average (NCUA, 2023).

Auto loans from credit unions are often 1-2 percentage points lower than those from banks, saving consumers thousands of dollars over the life of a loan (CUNA, 2023).

Credit unions, despite facing an outdated 12.25% cap on member business lending (MBL), have continued to support small businesses. In 2023, credit unions provided over \$91 billion in small business loans, directly helping entrepreneurs and local economies grow (NCUA, 2023).

A study by the Small Business Administration (SBA, 2023) found that credit union business loans have lower default rates and are more likely to be issued to minority- and veteran-owned businesses compared to traditional banks.

Defense credit unions have a unique mission to serve military families, often operating on bases where for-profit banks cannot or will not operate. These institutions provide crucial financial readiness programs, helping service members avoid predatory lending and financial distress.

Despite their overwhelming benefits, credit unions face mounting regulatory burdens and legislative threats that jeopardize their ability to serve communities effectively. Some of the most pressing issues include:

Overregulation and Compliance Costs

- The National Credit Union Administration (NCUA) continues to increase its budget and staffing despite a decline in the number of credit unions, which imposes higher operational costs on credit unions that are ultimately passed on to members.
- The Consumer Financial Protection Bureau (CFPB), originally designed to protect consumers, has introduced broad regulatory initiatives that disproportionately harm smaller credit unions, which lack the compliance resources of large banks.

Interchange Regulation Threats

- The proposed Credit Card Competition Act (CCCA) threatens to disrupt the credit market by imposing routing mandates that would hurt credit unions and community banks while benefiting large retail chains.
- A study by Cornerstone Advisors (2023) found that the Durbin Amendment's debit card regulations reduced free checking availability by 40% and increased banking costs for low-income consumers. Similar effects would occur with credit card regulations.

Taxation and Charter Threats

- Credit unions not-for-profit tax exemption is not a loophole but a recognition of their cooperative structure and mission. Credit unions return over \$20 billion annually in economic benefits to their communities, far exceeding any potential tax revenue from removing their exemption (Congressional Research Service, 2023).

Ensuring Fair Market Competition with Large Banks and Fintechs

- Credit unions and community banks continue to face increasing competition from unregulated fintech firms that do not adhere to the same consumer protection regulations.
- Credit unions are financially stable institutions that prioritize long-term member well-being over short-term profits. Supporting credit unions means ensuring consumer protection in the financial marketplace.

To truly support financial stability and consumer access, we urge Congress to:

Stop Unnecessary Overregulation: Ensure that NCUA and CFPB regulations are appropriately tailored to credit unions and do not impose undue compliance burdens.

Protect Credit Union Interchange Revenue: Reject the Credit Card Competition Act, which would harm small financial institutions while benefiting large retailers.

Expand Member Business Lending Cap: Support bipartisan legislation to remove the arbitrary 12.25% MBL cap for veterans. [H.R.4867 - Veterans Members Business Loan Act](#) will allow credit unions to lend more to small businesses and support our veteran communities.

Preserve Credit Union Tax-Exempt Status: Recognize the immense value credit unions bring to their communities and oppose any efforts to alter their tax-exempt status.

Credit unions and community banks are the backbone of financial services for millions of Americans. Congress must work to support, not hinder, the ability of credit unions and community banks to serve their communities effectively.

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.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: House Financial Service Committee Members