March 12, 2024

Mr. Pete Sepp
President
National Taxpayers Union
122 C Street NW
Suite 700
Washington, DC 20001

Dear Mr. Sepp:

In response to a recent blog post by Joe Bishop-Henchman and Matthew Putnam regarding credit unions and their role in the U.S. financial system, I wanted to highlight a few of the inaccuracies in their blog post and help set the record straight.

I serve as the Chief Advocacy Officer for America's Credit Unions, which is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their nearly 140 million members nationwide.

While Mr. Bishop-Henchman and Mr. Putnam may be knowledgeable about tax policy, they clearly do not understand credit unions, the purpose they serve in the financial services industry, nor the role they serve in helping Main Street America:

1) The authors state that "Many credit unions across the country have shifted away from the original intent of their creation and now rival major financial institutions." Credit unions were designed to provide safe, affordable financial services to **all** Americans. This statement implies that credit unions were created to be small, niche institutions that did not compete with banks. That is incorrect. Credit unions have evolved to provide a modern approach to what consumers need, but the purpose of the credit union remains the same. Where major financial institutions view their customers as a piggy bank that they squeeze for every penny of profit, credit unions focus on lifting up their members. When a credit union's members succeed, the credit union succeeds and the entire U.S. economy benefits. The interests of the credit union are aligned with the interests of its members.

2) Additionally, the authors assert that "Looser membership standards for credit unions allowed the institutions to grow significantly larger than originally envisioned, but whether that means they serve more underserved or unserved individuals or if they are better at providing services to these groups is unclear." Nowhere in the record is there any evidence that Congress envisioned all credit unions being small. This is a claim that has been made repeatedly by bankers and the authors seem to have picked it up without researching its validity. The intent of Congress in creating credit unions was to create institutions that would put people over profits and serve all people – especially those who

were left behind as banks sought more profitable customers. This is highlighted in the Federal Credit Union Act which states "Credit unions, unlike many other participants in the financial services market, are exempt from Federal and most State taxes because they are member-owned, democratically operated, not-for-profit organizations generally managed by volunteer boards of directors because they have the specified mission of meeting the credit and savings needs of consumers..."

3) Finally, the authors state that "There are now 422 credit unions with more than $1 billion in assets, which represents more than 9 percent of all federally insured credit unions. That is up from 5 percent of credit unions with $1 billion in assets just four years ago. The growth of credit unions' assets is further evidence of the shrinking disparities between credit unions and traditional banks." The authors assume that because consumers choose credit unions over banks that there is now no difference between banks and credit unions. That is a baseless assumption, and I would argue the opposite. The growth of credit unions is because more Americans every day are seeing the credit union difference and choosing to leave big banks for institutions they trust and where they are valued. Yes, credit unions are growing because consumers are choosing credit unions over banks: credit unions have their best interests at heart, and are more trusted than banks.

I welcome the opportunity to discuss credit unions, their growth, and the benefits they offer consumers with either of the authors. If the authors want to argue the negative economic impact of banks selling to credit unions (which, from 2011-2023, there were only 78 bank-to-credit union sales, compared to 2,572 bank-to-bank sales), America's Credit Unions has a wealth of data that highlights the **benefits** to the U.S. economy. For example, credit union members saw more than $21.5 billion in economic benefits for the 12 months ending September 2023, and non-members received billions more in benefits due to credit unions' presence in the marketplace, according to America's Credit Unions' analysis of NCUA and DataTrac data.

I appreciate the opportunity to set the record straight and respond to the material inaccuracies in the NTU's blog post. Please do not hesitate to contact me to learn more about credit unions and the value they provide to everyday Americans and the U.S. economy.

Sincerely,

Carrie R. Hunt

Carrie Hunt
Chief Advocacy Officer

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