Who will speak for credit unions?

Community Credit Union Conference
September 23, 2015

Ryan Donovan, CUDE
Chief Advocacy Officer
Who is most invested in the success of your credit union?
Our Shared Agenda

Remove Barriers
Ensure a favorable political, legislative, legal and regulatory environment for credit unions and consumers.

Create Awareness
Actively engage with members and non-members to increase awareness of the credit union value.

Foster Service Excellence
Deliver the best: convenience, experience, service, technology, education and financial resources.

Americans choose credit unions as their best financial partner.

Member-driven
Cooperative principles
Community-focused
Financial education
Collaborative

Credit unions are dedicated to advancing the financial well-being of Americans.
Why Advocacy?

To ensure a favorable political, legislative, legal and regulatory environment for credit unions and consumers.
RECENT ADVOCACY ACCOMPLISHMENTS

- No CRA
- Defeated Cramdown ... twice
- NFIP Extension
- CFPB Privilege Bill
- Defeated an amendment limiting ATM fees to $50
- No "Plain Vanilla Requirement"
- Patent Reform to help keep credit unions out of court
- Preserved the tax status
- New IRS Reporting Defeated

- 2009
- Corporate Stabilization Act
- Kept CFPB examiners out of all but the largest credit unions
- Kept credit unions from having to pay into System Risk Fund

- 2010
- Credit unions don't pay for CFPB
- Kept credit unions from having to pay into System Risk Fund

- 2011
- Defeated amendment imposing a usury ceiling on state chartered credit unions
- ATM Placard Bill
- Unprecedented congressional response to NCUA RBC proposal

- 2012
- No "Plain Vanilla Requirement"
- Patent Reform to help keep credit unions out of court

- 2013
- Preserved the tax status

- 2014
- New IRS Reporting Defeated

- 2015
- CARD Act fix
- IOLTA Enacted
REDUCING REGULATORY BURDEN

**IMPROVED**
- NCUA’s proposal on risk-based capital
- New Approach to Member Business Lending and Field of Membership Regulation
- NCUA’s final rules on loan participations and derivatives
- NCUA’s accounting requirements for TDRs
- Clearer guidance on NCUA’s use of DoRs and LUAs
- CFPB’s recognition of the importance of credit unions and CFPB’s advisory councils

**PREVENTED**
- Even more CFPB requirements
- Additional TCCUSF assessments
- Higher operating fees
- Lower interchange fees for most credit unions
CUNA's Advocacy Team assists Leagues in their advocacy work at the state level:

- **2,000+ bills** tracked across the U.S. in 2015 sessions
- **Presence** at national conferences of state legislators
- **Research** used to advocate or defeat credit union impactful legislation
- **Networks** and best practices shared on state level advocacy
# Current Advocacy Issues

## Credit Union Powers
- Member Business Lending
- Supplemental Capital / Risk-Based Capital
- Field of Membership
- Public Deposits
- Prize Linked Savings
- State Credit Union Act Updates

## Examination and Supervision
- Examination Fairness
- Transportation Network Company Issues
- Patent Reform
- IOLTA / Prepaid Card Insurance Coverage
- Operation Chokepoint

## Consumer Protection
- Overdraft Protection
- Payday Lending
- Telephone Consumer Protection
- Privacy Notification
- Fiduciary Definition
- CFPB Structural Reform
- TILA/RESPA
- HMDA
- Qualified Mortgage Rule
- Debt Collection
- Student Lending
- Military Lending
- DOL Overtime Proposal

## Tax and Budget Policy
- Federal Tax Exemption
- State Tax Exemptions
- IRS Disclosures
- Local Tax Issues
- NCUA Budget Transparency
- Congressional Budget
- UBIT
- Appropriations

## Housing
- Federal Home Loan Bank Parity
- Privately Insured Credit Unions
- GSE Reform

## Payments
- Interchange / Surcharging Amicus Briefs
- Data / Cyber Security
- Faster Payments / Same Day ACH
Building on what we do well…

• The key questions for the evolution of the Credit Union Advocacy are:
  • What do we do well?
  • How can we do more of it?

• CUNA’s Approach to RBC and RBC2 shows the potential when advocacy is approached from a 360 degree perspective.
Powerful Impact. Positive Results.

- Legislative:
  - Unprecedented Congressional interest in an NCUA rulemaking.
- Grassroots:
  - Unprecedented number of stakeholder comments.
- Legal:
  - Strong legal opinion.
- Regulatory Results:
  - Several meaningful improvements to the proposal.
  - Second comment period.
  - **Out**: Interest rate risk
  - **In**: Supplemental Capital
- More work to be done.
How do we get more of this?

• Establish 360 degree advocacy as a norm.
• Clear the path / tear down the impediments to approaching issues comprehensively.
• Set up a structure that encourages/facilitates and forces collaboration on advocacy.
• Use the structure.
Previous Structure: Four Functional Areas Reporting to Three EVPs
New Structure: Four Functional Areas Reporting to One Chief Advocacy Officer

- Chief Advocacy Officer: Ryan Donovan
  - Congressional Relations: Sam Whitfield
  - Regulatory and Executive Branch Relations: Elizabeth Eurgubian
  - Counsel for Special Projects/Legal Advocacy: Vacant
  - State Governmental Affairs
How do we get more of this?

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Issue Based Teams

- Permanence and Ownership
- Cross Functional
- Broad Scope
- Execution
Issue Based Teams

Credit Union Powers
Sam Whitfield

Examination and Supervision
Lance Noggle

Consumer Protection
Elizabeth Eurgubian

Housing
Sam Whitfield

Payments
Lance Noggle

Tax and Budget Policy
John Hildreth
So, how does it work?
Overdraft Protection

Consumer Protection Team puts together a plan in consultation with other departments.

- Legislative:
  - Hill Letter calling for SBREFA Panel
  - Education Through the Summer

- Regulatory / State:
  - Frequent meetings with CFPB
  - Engage NCUA and State Regulators

- Econ:
  - Revive Stango Study

- Grassroots:
  - Consumer Survey
  - Potential for Consumer-based Ads to drive grassroots response

- Strategic Communications
  - Exploring earned media, social media and op-ed opportunities
A good advocacy structure is not enough.

Elected officials count votes.
When you think about powerful advocacy organizations or groups, which ones stand out?
Powerful Grassroots Groups
By Membership

- NATIONAL RIFLE ASSOC.: 4,500,000
- AARP: 37,000,000
- CUNA/LEAGUE SYSTEM: 103,000,000
It Takes More Than a Good Idea to Make It Through the Legislative Process

Congressional Gridlock: Legislation Enacted As a Percentage of Legislation Introduced 80th - 112th Congresses

It Takes More Than a Good Idea to Make It Through the Legislative Process
Congress is much more likely to act on a credit union issue if they know it affects most members and credit unions.
Policymakers Value Credit Union Members

I would much rather have my photo in a credit union newsletter than on a bank statement.

Representative Brad Sherman (D-CA)
Members are key to our advocacy success.
Turning Members into Advocates

Affinity  Education  Activation  Follow-up
Our dirty little secret: Credit union members love their credit union.

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<tr>
<th>THE POWER OF MEMBERSHIP</th>
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<td>People who consider themselves “members” are 89% more favorable toward credit unions over banks. However, people who view themselves as “customers” are only 67% more favorable.</td>
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<th>CREDIT UNION BRAND</th>
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<td>Nothing is more powerful than your credit union’s brand to deliver advocacy and political action messages to members.</td>
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<th>STRONG BOND</th>
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<td>Members who receive advocacy outreach have a stronger bond to their credit union.</td>
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<th>EXPAND WALLET SHARE</th>
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<td>82% of members who receive advocacy outreach from their credit union want to do more business with their credit union.</td>
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Do credit unions pay income taxes?

Sobering Reality:
They don’t know much about us.
Good News: We can do something about it!
## HOW DOES MAP WORK?

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<th>Step</th>
<th>Description</th>
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| 1.   | **SIGN UP**  
Go to [cuna.org/map](https://cuna.org/map) to sign your credit union up for MAP. |
| 2.   | **PLUG-AND-PLAY CONTENT**  
CUNA provides plug-and-play content and tools to deliver advocacy messages to your members on key issues. |
| 3.   | **YOUR BRAND = CREDIBILITY**  
You send advocacy messages to your members on critical state and federal issues using your credit union’s brand. |
| 4.   | **STRENGTHEN YOUR CONNECTION WITH YOUR MEMBERS**  
As your members learn about the issues and take action, their connection to your credit union grows stronger. |
| 5.   | **INCREASE WALLET SHARE**  
Members who participate in advocacy want to do more business with their credit union. |
Results

- 225 MAP Credit Unions from 47 States that collectively represent over 10 million members

- Over 60 credit unions went out on “Stop the Data Breaches”

- Over 1.7 million credit union members emailed on STDB

- **Open rates ranged from 18-70%. Average was 32.6% (Obama was 34% - historic high)**

- The current MAP campaign is achieving a higher open rate than our exhaustive tests in 2013 did—About 11% higher at 31% vs 28% in tests.

- MAP open rate is exceeding average open rates for major comparable industries by substantial margins— including exceeding non-profit open averages by 24% and banks/insurance by 41%.
Results (Cont.)

- Every credit union that has gone out to their membership has exceeded their average open-rate.
- Not one credit union has experienced a negative push back from their members.
- Not one credit union has said they regretted participating.
Taking it Home

• Sign-up for MAP
• Subscribe to the Advocacy Update
• Follow the Removing Barriers Blog
• Respond to Comment Calls
• Participate in your League’s Hike-the-Hill Program
• Attend GAC
• Be good citizens
CUNA’s Advocacy Mobile App

Search for “CUNA Advocacy” at:

App Store for Apple

Google Play for Android
We want to ensure credit unions have the most positive operating environment so they can meet the needs of members.
If those most invested in the success of the credit union do not speak up for credit unions, who will?
Thank you!

For more information regarding these and other legislative issues, please visit the CUNA website (www.CUNA.org) and click on Legislative and Regulatory Advocacy.

If you would like to follow-up with any questions or comments, please send them directly to Ryan Donovan via email at rdonovan@cuna.coop.