February 10, 2021

Via Federal eRulemaking Portal: http://www.regulations.gov

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street,
Alexandria, Virginia 22314–3428

RE: Comments on Proposed Rule: Field of Membership—Shared Facility Requirements

Dear Ms. Conyers-Ausbrooks:

On behalf of the New York Credit Union Association, which has represented both state and federally chartered credit unions for more than 100 years, we are writing in strong support of NCUA's proposed rule amending the Chartering and Field of Membership manual to modernize service facility requirements for federally chartered multiple common-bond (MCB) credit unions.

MCB credit unions must have service facilities within a reasonable proximity to the groups they serve. For more than two decades, credit unions that have an ownership interest in a shared branching network have been authorized to utilize a network branch to satisfy this requirement, but credit unions that simply participate in a network have not had the same flexibility. This proposal would allow MCBs that participate in shared branching networks to use network branches to satisfy service facility requirements. Participating credit unions could also use this flexibility to provide services to underserved communities. In addition to supporting these proposed amendments, we also urge NCUA to authorize the use of internet services to satisfy branch location requirements.

Shared branching is a primary example of how the credit union cooperative spirit benefits consumers. By pooling resources, credit unions provide a wide variety of conveniently located services for their membership. In New York State, for example, the UsNet shared branching network covers more than 90 percent of the state, allowing credit unions in the Adirondacks to provide banking services to members of credit unions located on Long Island. The CUSO has just over 250 shared branches with locations in various underserved areas such as Buffalo, Rochester, Syracuse, the Capital Region, New York City's Boroughs and Long Island. These locations provide branch services to the over 3.2 million New York State credit union members who bank with a credit union participating in the UsNet CUSO.

Despite the demonstrable value of these networks, they have been needlessly restricted when it comes to satisfying branch requirements for MCB credit unions. There is simply no sound policy reason why a credit union that invests in a shared branching network should be able to use a shared branch to satisfy service facility requirements, while a credit union that only participates in such a network does not have the same flexibility. Both credit unions have entered into contractual commitments to aid members who are part of a network. In fact, the existing prohibition disproportionately hurts smaller credit unions that lack the funds to invest in shared branch ownership. In short, this regulation will increase the number of credit unions that can cost-effectively provide services to communities across the state and maximize the availability of banking services in underserved areas.

The NCUA is also requesting comment on redefining a "shared service facility" to include a credit union's transactional website and mobile banking services. A similar proposal was considered but rejected by NCUA in an earlier rulemaking. The inclusion of this request in this proposal makes perfect sense given the incredible evolution of banking technology, a trend that the pandemic has accelerated. A report by Novantas estimated that branch traffic fell by 30% last year. Many financial institutions are reconsidering plans to expand branches. At many credit unions today, members can use their cell phones to deposit and transfer funds, apply for loans and make payments. In short, they can do everything that had to be performed at a physical branch location just 10 years ago. This shift makes redefining a shared service facility essential given that members can do almost anything they need without in-person interaction. Members expect such services to be available. Allowing credit unions to satisfy facility requirements electronically would benefit consumers by expanding the number of financial institutions available to them and would benefit the credit union industry by allowing it to more cost effectively provide services.

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This simple and straightforward proposed rule would have a beneficial impact for many credit unions and their members. We urge NCUA to enact this change without undue delay and to also proactively authorize credit unions to harness technology rather than simply respond to it by permitting electronic banking services to satisfy obsolete physical location requirements.

Sincerely,

William Mellin
President/CEO

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