



## **2025 Advocacy Priorities**

The New York Credit Union Association's advocacy agenda for 2025 advances a pro-credit union and pro-consumer agenda while also reflecting our members' priorities.

As not-for-profit financial cooperatives owned by members, credit unions are consumers' best option for financial services. The Association will work to ensure New York's credit unions can provide the financial products and services consumers want and deserve, demonstrating the industry's difference from for-profit banks, and reforming policies to expand access to programs to their members and communities.

### **Protecting the Credit Union Difference at State and Federal Level**

#### **Protect Tax Exemption**

The credit union tax exemption in paying income tax on profits is an integral part of credit unions' structure, allowing them to reinvest in their members and communities. Unlike other not-for-profits, credit unions do pay local property taxes, and all other employer taxes. Nationally, the credit union tax status brings \$35 billion in financial benefits to members and non-members. It's one of the best investments governments' make, with an approximate 1,400% annual rate of return. The Association will protect credit unions from challenges to credit unions' not-for-profit tax status.

#### **Protect Credit Unions from CRA**

Credit unions do not fall under the Community Reinvestment Act because history and evidence demonstrate that credit unions already proudly fulfill their fundamental duties to serve the underserved. Congress and the states created CRA laws to encourage for-profit banks to better meet the needs of borrowers in their communities. Banks need to be told to do the right thing, but credit unions do it naturally. Imposing CRA on not-for-profit credit unions makes no sense, and will divert resources away from credit unions efforts to serve New Yorkers most in need of affordable financial services.

### **New York State Legislative Priorities**

#### **Government Banking Choice**

New York is in the minority of states that have not modernized antiquated laws to enumerate credit unions as acceptors of public deposits (municipal deposits and state deposits) despite the clear benefits to municipalities and taxpayers. We continue to fight to give overstretched local governments latitude to act in the best interest of their municipality, receive consistently better returns, keep local funds local, and guarantee community reinvestment, and end the financially draining for-profit monopoly on government deposits.

#### **Protect credit unions from barriers to serving New Yorkers**

The Association will oppose legislation that would implement arbitrary barriers to consumers and businesses that rely on credit unions for affordable financial services. Needless and harmful changes can significantly increase both consumer and financial institution risks. The Association will educate policymakers on the negative impact

burdensome rules have on consumers and their credit unions, and instead encourage legislation that would recognize the credit union difference and empower fraud prevention.

### **Fraud Prevention and Elder Financial Abuse**

Every day, credit unions work to protect their institutions from fraud, counsel members to protect themselves from fraud, and assist members who have been victims of fraud. The Association will work with legislators to craft policies that would give credit unions, consumers, and authorities more tools to protect, prevent, and prosecute financial fraud in New York. Additionally, the Association will support “Report and Hold” legislation to protect credit unions when they take action to protect older adults from financial exploitation.

### **Data Security**

States around the country, including New York, are considering legislation to establish standards for consumer data protection. Specifically, policymakers are seeking to maximize the ability of consumers to control their data while also protecting collected data. The Association will constructively work to further these goals while opposing any mandates that exceed the existing federal standards to which financial institutions are already subject.

### **Financial Literacy**

Helping members attain financial wellness has always been a core goal of credit unions. Unfortunately, a lack of financial education has historically stifled financial growth and economic development, disproportionately affecting certain cross-sections of society. The Association will advocate for legislation that increases access to financial education in schools without creating an additional education mandate. Making financial education widely available for all students would help ensure equal access to financial resources for all New Yorkers.

### **Compensation for State Chartered Credit Union Board Members**

Currently, Federally Chartered Credit Unions may compensate a single board officer but are expressly prohibited from paying other directors. Currently, 34 states allow either cash compensation to state chartered credit union board members or insurance benefits. While compensation to credit union directors is dramatically lower than compensation to commercial bank directors, some credit unions see value in paying directors, especially among larger credit unions. The Association will advocate for the introduction and enactment of legislation to allow state-chartered credit unions to offer some type of compensation to one or more board directors.

### **Public Bank**

A municipal “wholesale public bank” is a financial institution operated by a state, city, county, town, or village for the “public benefit” of the community. Since 2010, 28 States have passed legislation to establish a public banking task force or create a public bank. Supporters believe taxpayers benefit from public banks because any bank profits are returned to the municipality’s general fund to offset tax burdens and, through its partnership with credit unions, the bank would enhance support to communities, particularly to unbanked and underbanked communities. The Association will support public bank legislation, if it creates a wholesale-only bank emphasizing credit unions’ desire to partner with municipalities in ways that would help the bank’s purpose and the credit union mission of financial well-being for all. Public bank legislation must emphasize the bank’s wholesale structure and its requirement to work with not-for-profit credit unions rather than compete with them.

## **Federal Legislative and Regulatory Priorities**

### **Fraud Mitigation**

Credit unions continue to make significant investments in security and fraud mitigation technologies to protect their members from scams and identity theft. Credit unions are doing everything they can to prevent fraud, but the greatest share of fraud occurs in domains that credit unions cannot easily influence. Whether it's further expanding debit interchange limits, creating new limits on credit interchange, or reworking the Electronic Fund Transfer Act (EFTA) to shift reimbursement for fraudulently induced transfer completely to financial institutions, these changes would bring unsustainable costs and threaten consumer access to needed programs without tackling the root challenges behind fraud. Unfairly requiring innocent credit unions to pay for fraudsters' actions only hurts their ability to serve New York members. Instead, legislation should aim to prevent fraud before it occurs; via additional resources for law enforcement, consumer education on fraud and scam risks, and by creating a level playing field between insured depository institutions and underregulated companies.

### **Protect the Interchange System**

Consumers have come to rely on credit cards to build credit and gain access to funds that otherwise may not be available. Interchange fees cover the cost of fraud detection, credit monitoring, and fraudulent purchase protection benefiting both consumers and merchants. A less secure payment network could therefore raise fraud-related costs for credit unions and banks. The Credit Card Competition Act threatens credit unions' ability to provide important services to their members – including their ability to offer credit cards. The current interchange payment system works to benefit consumers, credit unions, and merchants. America's Credit Unions and the Association, together with others in the financial services industry, will continue collaboration to stop legislation aimed at changing credit interchange help keep consumers' and businesses' data safe.

### **Overregulation and so-called “Junk Fees”**

Credit unions need right-sized rules that differentiate highly regulated and safe opt-in programs like overdraft protection from so-called “junk fees.” Regulators must consider credit unions unique structure and commitment to serving their members and communities through tailored regulations. Credit union members opt in to programs, like overdraft protection, because they find value in them. Many New York families live paycheck to paycheck, and programs like this offer a needed lifeline in times of financial crisis. The Association will continue working with our regulators, including the Consumer Financial Protection Board (CFPB) and the National Credit Union Administration (NCUA) to ensure credit unions receive much-needed flexibility and minimized regulatory burden.

### **Cannabis Banking**

New York's financial institutions still lack a clear legal framework on the federal level regarding marijuana banking. Consequently, credit unions face severe restrictions in providing services to marijuana-related businesses. While continuing to take no stand on the legalization of marijuana, the Association will advocate for clear guidance and protections for financial institutions providing services to these legal businesses. For example, the SAFE Banking Act will protect financial institutions and the communities they serve by making our communities safer, providing a safe harbor for financial institutions, ensuring state-sanctioned businesses have access to mainstream financial systems. In 2023, the House

passed the SAFE Banking Act, and the Association will continue calls for Congress to bring legal businesses out of the underground economy.

### **Expand Member Business Lending and Lending Options**

Credit unions seek to fulfill their congressional mandate to serve those of modest means and serve the unbanked and underbanked people across the country. The Association will continue to fight for more lending opportunities. The Association will support legislation to allow federal credit unions to expand non-mortgage lending terms up to 20 years, created more affordable options for student, agricultural, and business loan borrowers. The Association will also advocate for legislation that would provide veterans with more business loan options and greater access to capital through their trusted credit union.

### **Community Development Financial Institutions (CDFIs)**

The Department of Treasury established the CDFI Fund ensure the delivery of vital services to communities throughout the nation which have been overlooked by mainstream lenders and depositories. CDFIs are lifelines providing much-needed relief to economically distressed communities. The Association will champion measures to streamline certification and simplify standards to help assist low-income, minority, and underserved communities across the state.

### **Board Modernization Act**

In 2023, the House passed the Credit Union Board Modernization Act. The bill would allow federal credit union boards to meet at minimum six times per year instead of the current once per month. In the new Congress, the Association will advocate for the Senate to pass this bipartisan, common-sense legislation that would help free up credit union time and resources to focus on members and their needs.