

Before the Ohio House  
Financial Institutions, Housing, and Urban Development Committee

## Written Testimony

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Chairman Dever, Vice Chair Sprague, Ranking Member Smith, and Members of the Ohio House Financial Institutions, Housing, and Urban Development Committee:

Thank you for the opportunity to address this esteemed panel on behalf of Ohio's 290 credit unions, their nearly 3 million members, and the Ohio Credit Union League. I serve as Vice President of Government Affairs for the League. Many of you are familiar with my two colleagues, Cory Fleming and Emily Leite, who work closely with each of you and your staff on policy impacting the Credit Union Movement.

Credit unions are not-for-profit, democratically-controlled, financial cooperatives that contribute market-stabilizing, pro-consumer products and services to the financial services sector. We are different from for-profit institutions in many ways, but let me narrow that down to three areas today: structure, philosophy, and mission.

- **Structure:** Credit unions, no matter how small, large, or complex, are not-for-profit cooperatives. Like rural, food, or electric co-ops, credit unions are owned by their members. These members democratically elect a board to govern the operations of the institution. Year-end revenue is returned to the credit union, and ultimately to the member/owner. In Ohio, this structure means Ohio's 2.8 million credit union members received \$183 million in direct financial benefit.

*(Source: Credit Union National Association, Member Benefits Report, Ohio; Third Qtr. 2016)*

- **Philosophy:** The beauty of the not-for-profit cooperative model is that credit unions' entire existence is designed to enrich members' financial lives. The financial services industry is rife with models designed to profiteer. The credit union model simply seeks to teach members and consumers to live within their means and provide the tools, products, and advice on how to do so.
- **Mission:** The credit union movement mission is quite simple, but very powerful: 'Not for profit, not for charity, but for service.' We refer to ourselves as a movement rather than an industry, because credit unions exist for a social purpose and are committed to improving the lives of Ohioans by extending credit and encouraging thrift.

The credit union structure, philosophy, and mission is far less familiar than; and, markedly different from, banks.

Credit unions serve members, but are also an economic catalyst to the state of Ohio. Along with my testimony is a report from the Credit Union National Association which estimates the direct contributions by credit unions to Ohio's economy. According to the report, credit unions contributed \$3.3 billion to the state's economic output. The most important takeaway to the report is the direct correlation between "main street" financial institutions and "Wall Street" financial institutions. To bolster Ohio's bottom line, the Ohio General Assembly should seek opportunities to empower credit unions, which ensures money stays in the state benefitting Ohioans.

*(Source: Credit Union National Association, Economic Contributions by State)*

In the credit union space, this can happen in two ways:

- Support legislation that allows credit unions to participate in vital business lending programs offered by the Treasurer of State. Similar

legislation offered by Rep. Schuring passed the Ohio House 81-12 last year.

- Support legislation that modernizes the section of the Ohio Revised Code overseeing state-chartered Ohio credit unions. The League and credit unions are currently gaining buy-in from the Ohio Department of Commerce on modernization, with the hope of introducing legislation by year-end.

These two items highlight the credit union-specific legislative agenda for this Ohio General Assembly. However, we are working closely with counterparts at the Ohio Bankers League, Community Bankers Association, and other interested parties to strengthen existing policy that ensures financial products and services offered to Ohio consumers/members are modern, utilize technology, and are safe and sound.

Many of you have met with Cory and Emily and have received our unique leave-behind for this Ohio General Assembly. I want to reiterate the message to each of you on the front of this piece. “We are pleased to represent Ohio’s credit unions. Let’s spark dialogue, work together, and solve problems.”

Thank you for your time. We look forward to working with each of you. And, I am happy to answer any questions.

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