

**Before the
HOUSE GOVERNMENT ACCOUNTABILITY AND OVERSIGHT COMMITTEE**

**Proponent Testimony
H.B. 489**

Mike Wettrich, CEO, Education First Credit Union

March 7, 2018

Chairman Blessing, Vice Chairman Reineke, Ranking Member Clyde, and members of the House Government Accountability and Oversight Committee, thank you for giving me the opportunity to testify in favor of House Bill 489.

My name is Mike Wettrich and I am the CEO of Education First Credit Union headquartered in Westerville, OH. Our credit union was chartered in 1936 to serve Columbus Teachers. Our charter has since been expanded, so an individual whose employment is connected with the education system in Ohio is eligible for membership. Currently, we have close to 14,000 members and assets totaling over \$100 million. The products and services we offer our members are robust and similar to what you'd find at larger financial institutions, yet some remain distinct enough to show our commitment to education, such as our interest free classroom supply loans for teachers; the economic benefit to the institution is truly secondary to the benefit of the member.

Though we have grown and expanded, our structure and philosophy has not changed since our founding. We are still owned by our members, not stockholders, looking for value in their relationship with their financial institution. The credit union is governed by a volunteer board of directors who task our team with one single objective: "enrich the financial lives of our members." Unfortunately, due to increased regulatory pressure, primarily from the federal government, our mission has become more difficult.

Before taking over as CEO in 2014, I had the pleasure of serving in state government as the Deputy Superintendent of Credit Unions with-in the Ohio Division of Financial Institutions under the Department of Commerce. I oversaw a team of examiners who routinely audited credit unions who choose to operate under the state charter, with the purpose of ensuring that credit unions maintained healthy levels of capital and were managed efficiently; in other words, operated in a safe and sound manner. Many credit unions in Ohio choose to operate under the state charter because we are responsive, fair and available; adjectives not usually associated with the federal government.

As noted in the previous testimony, since the financial collapse of 2008, credit unions have been subjected to rules and regulations that were meant for either those who are no longer in the market place, or have the resources to comply and pass on costs to the consumer. The increased cost of compliance has forced rapid consolidation in the industry; the total number of credit unions domiciled in Ohio is now 282, down 23% from 5 years ago. Unless good actors are given more freedom and flexibility to operate in the market, there will be less choice for Ohioans.

Attending interested party meetings in advance of this bill's introduction, I can attest to the sponsor's transparent objective of helping well-run state chartered community banks and credit unions manage the increased costs from the federal government, while still having to comply with strident regulatory

**Before the
HOUSE GOVERNMENT ACCOUNTABILITY AND OVERSIGHT COMMITTEE**

**Proponent Testimony
H.B. 489**

Mike Wettrich, CEO, Education First Credit Union

March 7, 2018

requirements. While I cannot speak to the banking provisions in this bill, I can touch on the benefits for the credit union movement.

- An extended examination cycle for well rated institutions reduces the disruption to staff and members of credit unions and allows for more time to be spent on growing their respective organizations.
- Removal of a bureaucratic hurdle that currently requires state-chartered credit unions to seek approval from the Ohio Division of Financial Institutions prior to acquiring real estate as Education First recently experienced. It would allow credit unions to move at the speed of business without a delay while the Division processes the request.
- State-chartered credit union Board of Directors can establish other means of which an individual, eligible for membership under the credit union's Field of Membership restrictions, can purchase membership into the credit union, modernizing the process for credit unions of all shapes and sizes.
- The "Second Chance Rule" recognizes that mistakes happen in the 21st century and as more technology is leveraged to serve our members, human error will always play a certain role. This rule recognizes this and protects credit unions from a litigious society.

In summary, HB 489 is a good piece of legislation that promotes the continuation of the strong dual-charter option for community based financial institutions. Further, it sends a message to our friends in Washington that they need to follow the state's lead in crafting rules and regulations that encourage growth, not consolidation.

Thank you again for the opportunity to provide proponent testimony. I am happy to answer any questions you may have.