



OHIO CREDIT  
UNION LEAGUE

Before the Ohio House Financial Institutions Committee  
**Testimony**

Cory Fleming, Director, Legislative & Political Affairs

Ohio Credit Union League

March 26, 2019

---

Chairman Jordan, Vice Chair Hillyer, Ranking Member Smith, and members of the Ohio House Financial Institutions Committee, my name is Cory Fleming and I serve as the Director of Legislative and Political Affairs for the Ohio Credit Union League, which is the only state trade association representing the interests of Ohio's 264 state-and federally-chartered credit unions. On behalf of the League, thank you for allowing me the opportunity to provide an overview of the Credit Union Movement in Ohio.

Simply put, the Credit Union Movement is built on the philosophy of "people helping people." Recognizing the vital need for affordable credit in the late 1800s, the original credit union pioneers in Germany believed if people sharing a "common bond" collectively pooled their financial resources together, they could in turn help each other achieve financial freedom through accessible lending and promotion of thrift.

The idea of "cooperative lending" became popular in America, especially after the Great Depression left millions of Americans deprived from traditional banking services. Due to strong grassroots efforts, the Federal Credit Union Act (FCUA) was signed into law in 1934, providing a framework for credit unions to be chartered across the country. The FCUA was later amended in 1937, designating credit unions as not-for-profits, a distinction that is still in place today and gives credit unions the freedom and flexibility to return value back to member-owners in the form of lower rates on loans and higher yields on savings.

Further, the FCUA grants credit unions the ability to choose whether they wish to be state-or federally-chartered. The dual-charter option empowered states to adopt their own credit union acts, such as Ohio, which has led to many credit unions choosing to operate under the state-charter model due to it being more conducive to growth and diversification.

The Ohio Credit Union Act (O.R.C. Chapter 1733), signed into law in 1971 and significantly modernized last General Assembly, sets the governing framework currently for 123 credit unions who pay annual assessment fees to be regulated by the Ohio Division of Financial Institutions, within the Ohio Department of Commerce. State-charters also have the option to supplant federal share insurance for private share insurance, which is offered by only one company across the nation, American Share Insurance (ASI), headquartered in Dublin, Ohio.

Sound public policy at both the federal and state level of government has helped more than 5,500 credit unions nationally serve the financial needs of more than 110 million Americans. As mentioned earlier, 264 credit unions are now domiciled in Ohio, serving more than 3 million Ohioans. Whether it's the state's largest credit union, with \$4 billion in total assets, or the smallest credit union, with \$100,000 in total assets, the structure and mission for all credit unions remains the same: not-for-profit, member-owned and community-focused.

By all metrics, Ohio's credit unions have never been stronger; total assets exceed \$30 billion and \$20 billion in loans are outstanding. Loan portfolios are primarily consumer-focused; residential and auto loans on average make up over 75% of a credit unions portfolio. Recently, Ohio credit unions have seen an expansion in small business lending, with more than \$1 billion in outstanding member-business loans.

Like any other business, growth for a credit union equates to more value being returned to the consumer in the form of more diverse offerings of products and services. For credit unions to remain viable, competitive options for the modern-day consumer, balanced regulation that recognizes scale in the market place is necessary. As the committee debates important issues such as consumer protections, product disclosures or additional data reporting, the League requests careful consideration of the not-for-profit model. In this regard, you will find that the League is in much alignment with similar institutions operating in the for-profit model.

As the 133<sup>rd</sup> General Assembly is well underway, the League is working closely with our counterparts at the Ohio Bankers League, Community Bankers Association, and other interested parties to strengthen the financial products and services offered to all Ohio consumers for modernized, safety and soundness. As legislation is being debated, please reach out to either myself, or my colleagues Emily Leite and Andrew Canan, for further assistance.

Thank you for your time. The League looks forward to working with each of you and I am happy to answer any questions you might have.