



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

**Proponent Testimony
H.B. 489**

**Emily Leite, Vice President of Government Affairs
Ohio Credit Union League**

March 7, 2018

Chairman Blessing, Vice Chairman Reineke, Ranking Member Clyde, and members of the House Government Accountability and Oversight Committee, on behalf of the Ohio Credit Union League, thank you for the opportunity to provide testimony in support of House Bill 489, the Ohio Financial Institutions Reform Act.

The Ohio Credit Union League represents Ohio's 280 state- and federally-chartered credit unions, which offer affordable financial products and services to nearly three million Ohioans. As you are aware, credit unions are safe, sound, and well-regulated not-for-profit, cooperative financial institutions that help members make their dreams reality. Simply put, credit unions exist to give people greater control over their futures, not create profit.

Unfortunately, the 2008 financial crisis and the resulting regulatory scheme created by the Dodd-Frank Act, made it more difficult for smaller financial institutions, like credit unions and community banks, to offer affordable products and services to Ohioans. Instead of punishing Wall Street's bad actors as intended, the federal government made it more expensive for Main Street financial institutions to absorb the regulatory and compliance costs created by thousands of pages of new rules and requirements. In fact, the "2017 Regulatory Burden Financial Impact Study: An Elevated New Normal" by the Credit Union National Association, calculates that the national cost of credit unions' regulatory burden rose to an "elevated new norm," totaling an estimated \$6.1 billion in 2016. As member-owned financial cooperatives, this cost is not born by the financial institution, but rather, comes straight out of your constituents' wallets.

While the State of Ohio has little jurisdiction over federal regulation, HB 489 is a step in the right direction towards remedying burdensome state banking regulations without compromising institutional safety and soundness. This cumulative effort by Ohio's collective financial trades and consumer advocates contains many positive regulatory relief provisions and the following are bill highlights specific to credit union operations:

- HB 489 enables high-performing credit unions to spend more time with their members, rather than examiners, by extending the state examination cycle. This provides parity with signals already sent by the federal prudential regulator of credit unions, the National Credit Union Administration (NCUA).
- The bill removes 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. This change also provides state-chartered credit unions parity with federally-chartered institutions directly regulated by the NCUA.



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- Under current law, consumers and businesses can only establish membership with an Ohio state-chartered credit union through a \$5.00 deposit into a share account, which is an administrative and operational hassle. HB 489 would provide state-chartered credit unions the flexibility to establish other means by which an individual, eligible for membership under the credit union's field of membership restrictions, can access membership into the credit union.

Other notable reforms included in HB 489 are the "Second-Chance Rule," prohibition of retroactive rulemaking, and accessible financial institution data analytics for state policymakers.

In short, HB 489 contains several provisions that would reduce the state regulatory burden for smaller, community-based financial institutions like credit unions. These changes would operationally empower Ohio's credit unions to better serve member needs.

Thank you to Representative Dever for his strong leadership in sponsoring this bill focused on providing state-chartered financial institutions regulatory relief; we appreciate this committee's careful consideration of this legislation. I would also like to acknowledge the hard work done on this legislation by my colleagues, Cory Fleming and Miriah Lee.

Thank you for the opportunity to provide proponent testimony on HB 489. I am happy to answer any questions you may have.