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ICBA Rejects NCUA Proposal to Expand Credit Union Business Lending Powers

Washington, D.C. (June 22, 2015)—Independent Community Bankers of America® (ICBA) President and CEO Camden R. Fine released this statement following the National Credit Union Administration (NCUA) board's release of a proposed rule to relax business-lending rules for tax-exempt credit unions.

“ICBA and the nation's more than 6,000 Main Street community banks continue to vigorously oppose the tax-subsidized credit union industry's campaign to extend its government-funded competitive advantage over taxpaying community banks. Congress enacted credit unions' business-lending caps for good reason—to limit risky lending and to restrict these tax-exempt institutions to their fundamental mandate of serving people of modest means.

“The NCUA's proposal to expand the business-lending authority for taxpayer-subsidized credit unions would widen federal, state and local budget deficits and increase risks to our financial system while doing little to improve access to credit. In addition to seeking to weaken the member-business-lending cap, the new proposals are basically an admission of the weak oversight and regulatory standards now in effect for credit unions. Requiring credit unions to implement credit policies and risk-weight loans, which have been standard practices for community banks for decades, leads one to ask, ‘Where have the credit union industry and its regulators been?’

“Since the NCUA is proposing to significantly widen credit unions' ability to make business loans, ICBA assumes that the agency is also going to require credit unions to adhere to Community Reinvestment Act (CRA) statutes as all other financial institutions are required to do. Otherwise, widespread ‘redlining’ could go unchecked within the credit union industry.

“There is ample capacity for the nearly 99 percent of credit unions below the federally mandated cap to expand their lending if they choose to do so, with no change to federal law or regulation. The credit union industry should not expand its business-lending authority on behalf of a handful of its largest institutions as long as it remains exempt from taxation and the CRA.”

About ICBA

The Independent Community Bankers of America®, the nation's voice for more than 6,000 community banks of all sizes and charter types, is dedicated exclusively to representing the

interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.