



Testimony in Support of HB5011
Joint Ways and Means Subcommittee on Transportation and Economic Development
February 6, 2019
Submitted by Pam Leavitt, Northwest Credit Union Association

Co-Chair Manning and Co-Chair Gomberg and members of the Committee, I am pleased to appear before you in support of the Department of Consumer and Business Services' budget request, HB5011. I am here on behalf of the 21 state-chartered credit unions regulated by the Oregon Division of Financial Regulation.

Credit unions are member-owned not-for-profit financial cooperatives, organized to meet the financial needs of their members. They are democratically owned and controlled institutions, based on the "people helping people" principle. Fifty percent of Oregonians are members of credit unions, and you will find them in every walk of life—from cattle ranchers in Central Oregon, to mill workers in the Willamette Valley, to fishermen on the Oregon Coast, to high-tech workers around the state.

Oregon credit unions provided an average of \$74 in direct benefits to each and every member last year, because their structure and "member first" DNA allows them to charge fewer fees, pay better savings rates and offer lower interest rates on loans than for -profit financial institutions. That \$74 benefit per person, equates to more than \$155 million in direct member benefit to the more than 2.1 million credit union members in Oregon. Oregon credit unions generated more than \$1.8 B in economic activity in Oregon in 2018, according to an independent analysis performed by ECONorthwest.

In addition to the 21 state-chartered credit unions that represent 1.5 million-member owners, there are an additional 37 federally chartered credit unions headquartered in Oregon. It is very important that we preserve a strong state charter, and thus a strong dual charter system (both Federal and State) enabling credit unions to choose the charter that best meets their members' needs. Thanks to the Oregon Legislature and a progressive regulator, the state charter has proven nimbler than the Federal Charter, enabling more responsive and responsible updates to our State Credit Union Act. This has resulted in the conversion of three federal charters to an Oregon state charter in the past few years alone. Oregon's credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

The Northwest Credit Union Association would like to share our perspective of the good work being done by the Division of Financial Regulation, a Division of DCBS. The Division of Financial Regulation is responsible for oversight of 21 State Chartered Credit Unions. These credit unions protect \$16.7 B in deposits and holds a total of \$19.4 billion in assets of which \$14.4 billion are loans. The Division is committed to the safety and soundness of credit unions and works closely with all of us to ensure compliance with regulations. They conduct comprehensive examinations of every credit union within a 2-year period, and many exams are conducted every calendar year, based on asset size. They have a proven record of accomplishment as there has not been a single failure of a state chartered credit union overseen by the Division in the past 20 years.

A couple key points:

- 1) The examination process with our State regulator is fair, with an emphasis on safety and soundness, ensuring State Chartered Credit Unions are well run with a focus on responsibly serving their members. From the perspective of NWCUA's member credit unions, examinations are viewed as an opportunity

to partner with the regulator to identify ways in which they can better serve the members, while operating in a safe and sound manner.

2) Our regulator is a great partner to work with. The collaborative nature of how they approach their work with State Chartered Credit Unions is very evident, and indicative of the importance they place in being communicative and transparent. They not only understand and effectively regulate State Chartered Credit Unions, but they also understand that everyone wins, especially members, when we have a strong, vibrant group of member-focused State Credit Unions. A great example of the positive relationship we have with our regulator is reflected in the periodic Credit Union CEO Outreach programs coordinated by our regulator. During these programs, the Division has an opportunity to share with Credit Unions information on key examination issues and economic trends. From our perspective, it reinforces the collaborative nature of how our regulator approaches their oversight of State Chartered Credit Unions.

It is our hope that the Division continues to have the resources needed to continue to do the good work that they have been doing. Credit Unions and members across the State of Oregon depend on a strong regulator who works well with those that they regulate. Thank you.