Removing Barriers: The Crisis of Creeping Complexity

Quick Look:

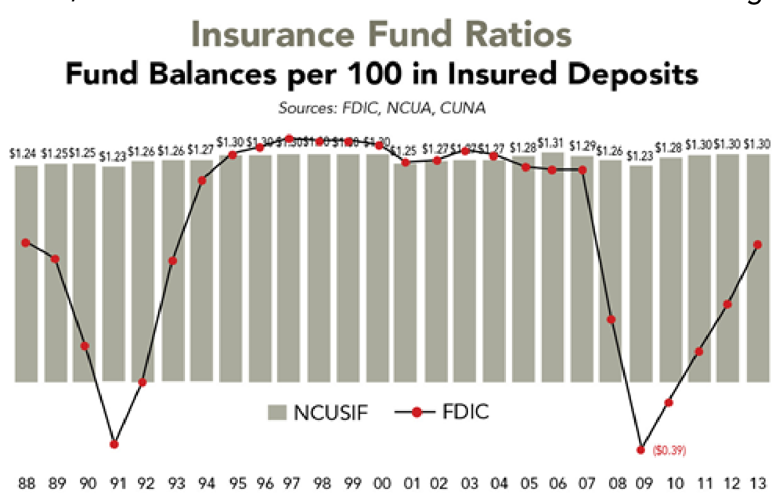
- **The regulatory burden under which credit unions must operate places barriers in the way of their ability to fully and efficiently serve their members and leaves the financial system underserved.**

Action:

- Support legislation which removes barriers to credit union service and provide better oversight of organizations that regulate credit unions.

Background:

- Since 2008, credit unions have been subjected to more than 190 regulatory changes from at least 15 different federal agencies, resulting in over 6,000 *Federal Register* pages to review and implement.
    - This level of regulation limits credit unions' ability to serve their members.
    - Regulatory change prompts certain upfront costs including: staff time and credit union resources; forms and disclosure changes; data processing systems reprogramming; and staff retraining.
- Many credit unions employ a small staff, and time spent on regulatory compliance is time away from member services.
    - In fact, today there are approximately 759 credit unions operating in the U.S. with one or fewer full-time employees. Nearly one-half (43%) of the nation's 6,500 credit unions operate with five or fewer full-time equivalent employees.
- Credit unions have always engaged in safe lending practices and should be provided accommodation to offer products to members without unreasonably burdensome regulations.
    - By definition, credit unions serve as the ultimate consumer protection, because they are owned by their members.
    - Further, credit unions did not cause the financial crisis; they did not engage in abusive activity. In fact, credit unions were a safe haven for consumers during the crisis.



For example, the National Credit Union Share Insurance Fund has remained solvent during the last two financial crises while the FDIC fund has not, clearly illustrating that credit unions do not need additional regulations.