One Mission. Community Banks.

July 2024

ICBA Regulatory Update: Credit Unions

Topic/Issue: Holding Credit Unions Accountable

Agency: NCUA

Status: Ongoing

ICBA Position:

- Credit union acquisitions of community banks lack transparency, with credit union executives using their members' savings to buy out bank owners in largely private deals.
- ICBA urges Congress to end the unwarranted federal tax subsidy of the credit union industry and/or promote increased tax parity between credit unions and community banks.
- ICBA staunchly opposes credit unions that exploit their tax subsidy and lax regulatory environment to acquire locally based community banks and urges Congress to use its oversight authority to investigate the National Credit Union Administration's failure to adequately regulate and supervise the industry and to adhere to the original purpose of the credit union tax exemption.

Key Talking Points:

- As of June, credit union acquisitions of banks account for more than 20% of all bank deals announced in 2024.
- Credit unions are violating the limits established by Congress to justify their tax exemption.
- Credit union acquisitions of community banks diminish tax revenues, consolidate the industry though tax subsidies, grow the publicly subsidized sector of the financial services industry, and increase the portion of the industry exempt from Community Reinvestment Act oversight.
- Congress should hold hearings to investigate the credit union tax exemption.
- Credit unions should not be able to use their tax subsidy to purchase taxpaying banks.
- Congress should impose an "exit fee" on credit unions' bank acquisitions to capture the tax revenue lost due to these transactions.
- Applying CRA requirements to credit unions comparable to and with the same asset-size distinctions as banks and thrifts should be the standard.

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