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September 17, 2020

The Honorable Mike Crapo  
Chairman  
Committee on Banking, Housing,  
and Urban Affairs  
United States Senate  
Washington, D.C. 20510

The Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing,  
and Urban Affairs  
United States Senate  
Washington, D.C. 20510

Re: Request for Government Accountability Office Study of Credit Unions

Dear Chairman Crapo and Ranking Member Brown:

The Independent Community Bankers of America (ICBA)<sup>1</sup> respectfully asks that you request a study to be conducted by the U.S. Government Accountability Office (GAO) of the evolution of the credit union industry and the National Credit Union Administration’s (NCUA’s) supervision of that industry. A comprehensive and impartial study will help inform Congressional oversight of the NCUA and a tax-exempt industry that has broadly expanded its powers, rapidly grown its financial services market share, and consolidated into fewer, larger and riskier institutions. In particular, a GAO report would help Congress better understand the implications of the recent trend of credit union-bank acquisitions, which has increased sharply and is changing the American financial services landscape. The GAO recently published report that assessed whether the FDIC is a “captured” regulator. ICBA requests that the GAO now turn its focus to the NCUA, an agency that acts in the best interest of growth-obsessed credit unions rather than the public interest.<sup>2</sup>

<sup>1</sup> The Independent Community Bankers of America®, the nation’s voice for nearly 5,700 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. With nearly 52,000 locations nationwide, community banks employ 760,000 Americans, hold \$4.9 trillion in assets, \$3.9 trillion in deposits, and \$3.3 trillion in loans to consumers, small businesses, and the agricultural community. For more information, visit ICBA’s website at [www.icba.org](http://www.icba.org).

<sup>2</sup> Government Accountability Office, “FDIC Could Better Address Regulatory Capture Risks,” Sept. 2020, available at <https://www.gao.gov/assets/710/709153.pdf>.

*The Nation’s Voice for Community Banks.*®

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GAO is a well-established source of credible data, analysis, and recommendations. In recent decades, GAO has played an important role in conducting studies into the changing credit union industry and the NCUA's supervision of it. A 2003 GAO report, required by the 1998 Credit Union Membership Access Act (CUMAA), studied the financial condition of the industry and NCUA's management of the National Credit Union Share Insurance Fund. A 2006 report examined the demographics of credit union membership and the compensation of credit union senior executives. Significant findings of those reports included:

- Powers expansion has raised questions about the uniqueness of credit unions and whether they serve a different population than banks.
- Credit unions serve a lower proportion of low- and moderate-income households than banks.
- Despite the above finding, NCUA does not have adequate data to determine the extent of credit union service to underserved populations and should develop such data. (The agency still has not done so.)

Nearly 15 years have passed since the last comprehensive GAO report, and the industry has evolved significantly in that time. NCUA has yet to implement the recommendations of the 2003 and 2006 reports. Moreover, the 20<sup>th</sup> anniversary of CUMAA was in 2018, a milestone that should occasion a study of the long-term impact of that legislation.

A fresh GAO study would be invaluable to Congress as it considers how to create equitable access to financial services for all American communities, the credit union industry's demand for new powers, and the NCUA's ongoing powers expansion agenda.

Thank you for considering this urgent request.

Sincerely,

/s/

Rebeca Romero Rainey  
President & CEO

CC: Members of the Senate Banking Committee

Attachment: Highlights of the 2003 and 2006 GAO Reports