

**From:** [Matt Messina](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Matthew Messina Comments on Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Monday, February 08, 2016 6:53:25 PM

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Dear Secretary Poliquin,

I am writing in support of the NCUA's current proposal on the Chartering and Field of Membership Manual (12 CFR Part 701) (the "Manual"). The proposal represents a balanced approach carefully designed to ensure greater access to financial products and services while staying true to the Federal Credit Union Act ("FCUA"). As further discussed below, the proposal removes unnecessarily restrictive barriers to credit union access, is designed to provide greater access to consumers, and utilizes technological advances to the consumer's benefit.

### **Removing Unnecessary Barriers**

Currently, the Manual limits delivery of financial products and services by overly restrictive requirements and this proposal is a welcome removal of a number of those requirements. For example, a request to serve a well-defined portion of a Core Based Statistical Area is currently denied simply because the Core Based Statistical Area *on whole* exceeds the 2.5 million population limit despite the fact that the specific portion the credit union seeks to serve does not exceed that limitation. As the proposal states this is clearly an unintended consequence, and should rightly be corrected. By and large, the proposed changes simply remove restrictive barriers, similar to the change described above, which do not serve any rational purpose.

### **Providing Greater Access to Consumers**

Removing field of membership barriers, as this proposal would do, is a significant step toward providing genuine access to those who might be underserved or otherwise of limited means. Genuine access is much more than mere token access to the nearest bank. Rather, genuine access is the ability a consumer has to obtain comprehensive high-quality but low-cost financial products and services, an ability not present in many parts of the United States. It is credit unions who champion this cause and provide genuine access. Adoption of this proposal would enable credit unions to reach many who would otherwise be left out.

Not surprisingly many bankers are up-in-arms over the proposal because they know its passage would only loosen their grip on many communities. Their angst reveals their true motives. They would rather deny access to consumers than be pressured into competing for those same consumers' business. It is competition which drives loan rates down and deposit rates up. Competition is the catalyst of better products and service. If banks were truly concerned about consumers they would welcome the proposed changes.

Numerous bankers have imprudently warned that adoption of the proposal threatens the very existence of the credit union tax exemption. The threat is hollow. The critical distinction between banks and credit unions, upon which the tax exemption is based, is not the number of consumers each serves but the organizational structure by which credit unions operate. Nothing in this proposal challenges the basic tenet that credit unions are member owned.

### **Utilizing Technological Advances for the Consumer's Benefit**

The proposal's expanded definition of "service facility" which will facilitate the addition of select groups to multiple common bond credit unions is a timely and welcome enhancement to the Manual. The outdated model which requires select groups to be within "reasonable proximity" of a

credit union's "service facility" does not account for the realities brought about by technological advances. Today, as duly noted in the proposal, the delivery of financial products and services through online internet channels is a happy reality for myriads of consumers. Physical proximity to a credit union is no longer essential in the effective provision of its services.

The proposal appropriately recognizes the transformative nature of technology and advocates its use to the advantage of select groups seeking to be served by credit unions. Momentum in this direction is only growing. Requiring physical proximity in light of stunning advancements would unnecessarily restrict access for select groups.

### **Conclusion**

In sum, the proposed changes, if adopted, will result in greater access for consumers to those products and services so essential to their financial well-being. I urge your adoption of this proposal.

Regards,  
Matt Messina