

January 28, 2016

National Credit Union Administration  
Gerald Poliquin, Secretary of the Board  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: Comments on Notice of Proposed Rulemaking for Field of Membership - RIN: 3133-AE31

Dear Gerald Poliquin,

Introductory paragraph:

The National Credit Union Administration Board (NCUA) is proposing to amend part 701 of its rules and regulations to make revisions to the agency's chartering and field of membership manual. I am writing on behalf of Patelco Credit Union, which serves AT&T and members representing the San Francisco, Bay Area to express support for NCUA's proposed field of membership rule.

Patelco Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule changing Field of Membership for federally chartered credit unions.

The NCUA's proposed expansion of allowable criteria for federal credit unions' Field of Membership (FOM) will not only create more options in the financial services marketplace, but also between the NCUA and the state chartering agencies. By increasing the options available to credit unions, the proposed rule will put pressure on the states to address their chartered credit unions' needs lest those credit unions switch to a federal charter to take advantage of better rules. The real benefactor of optionality is not the dominant player, but the consuming public. As a committed member-centric credit union, we endorse the NCUA's proposed rule because it will benefit consumers across the country by allowing more choice for consumers to engage with financial service providers and select those who can best serve their needs.

Another benefit of the proposed rule is that it brings the federal FOM rules into alignment with the needs of the modern consumer in the following areas:

- Removing the need to include the core of an OMB statistical area will allow more small credit unions to carve out areas they can service well. Since smaller credit

unions need to be more aware of the needs of their local communities, allowing access to individual communities, rather than entire metropolitan areas, will ensure the needs of those communities are being met.

- Defining rural areas to be as large as one million allows better credit union service to underbanked consumers. Sparsely populated rural areas have specialized financial needs. Allowing better access to credit unions will ensure those needs are being met.
- Removing non-depository financial services from the calculation of banking saturation is a realistic reflection of how people use financial services. The presence of investment and insurance brokerages does not mean basic banking needs are being met.
- Allowing online banking to count as a servicing center is particularly forward thinking. Credit unions with multiple common bonds to their service areas cannot always physically be where the member is. Online banking has become robust and commonplace, and it is realistic to recognize it as capable of meeting members' needs.

While the proposed rule is a good start, it does not go far enough in some respects. For example, many state regulatory agencies give considerable weight to how many members a credit union already has in a particular county in deciding whether to allow the addition of that county to the credit union's FOM. In today's dynamic economy, companies move their offices much more frequently than in the past. If a credit union enlists a company as a Select Employment Group (SEG) and that company then moves away, the credit union's members who do not move find new jobs locally with employers who may not be a SEG of the credit union. State chartering agencies have allowed credit unions to include the geographical area in which their former SEG members live and work. The federal chartering rules, including the proposed rule, do not have such a mechanism for changing an employment bond into a community bond. Enhancing FOM options that account for SEG companies moving away and easing restrictions on SEG-to-community conversions would make the federal rules more reflective of real world conditions.

Thank you for the opportunity to comment on this proposed rule and for considering our views on Field of Membership. We urge the agency to approve a final rule soon so that credit unions can take advantage of the regulatory relief and field of membership flexibility in the proposed rule.

Sincerely,

Nathaniel Burns  
Executive Director Credit Union Affairs  
Patelco CU

cc: CUNA, CCUL