

January 29, 2016

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: 12 CFR Part 701 – Chartering and Field of Membership Manual; Proposed Rule

Dear Mr. Poliquin:

I am the Vice President of Member Services at Digital Federal Credit Union (DCU) in Massachusetts. Thank you for the opportunity to comment on the proposed changes to the Chartering and Field of Membership Manual regulations. I want to express my gratitude for the effort NCUA is making to modernize the Chartering and Field of Membership Manual.

DCU was chartered in 1979 to serve the employees of Digital Equipment Corporation (DEC). From the beginning we had extensive sponsor support. However, due to the closing of DEC, things changed for DCU. To ensure DCU would continue to serve our members, we chose to become a multi-group credit union. DCU now has more than 538,000 members from hundreds of different sources, largely driven by recommendations from satisfied DCU members.

#### **Comments**

Overall, I would like to express my support for the changes proposed across the board, though many of the changes are unlikely to directly impact DCU's operations. There are a few specific changes I would like to comment upon.

- *Determination of Stand-Alone Feasibility of Groups Greater than 3,000* – As mentioned above, there is a continuously rising cost and complexity of operating a competitive credit union, not the least of which is hiring capable experienced leadership. For this reason, I think the minimum membership for a full-service credit union to be viable is much higher than it once was and will continue to increase. Although I have not performed a financial analysis, I think the minimum number of members needed is closer to 10,000 than the 5,000 suggested in the proposed rules. If the 50% average adoption holds, this would suggest a group of 20,000 would be the top limit for reduced documentation. I think NCUA has accurately documented the benefits of raising the threshold.
- *Core Area Local Community Population Limit* – The proposed rule talks about a population limit of 2.5 million for a community charter. Because of the continually rising cost and complexity of operating a competitive credit union, I believe a credit union needs a larger scale to survive. I

believe a community credit union should be able to draw from a larger community of 3.5 to 4 million so they can remain viable over the long term.

- *Revised Definition of "Service Facility" to Include a Transactional Web Site* – I completely agree with this proposed change. Our most recent member research indicates that more than 70% of our member households are 5 miles or more from our closest branch. About half of our members say they never use a DCU branch at all. More than half of our new members apply through our web site. In addition, 70% of our member households are active online banking users. Mobile banking is rapidly growing.

With large numbers of DCU members already in non-branch communities, we can see where a business operated by a DCU member would want to provide DCU access for their employees. The proposed change could make this easier to do.

Thank you again for the opportunity to comment on the proposal.

Sincerely,

A handwritten signature in cursive script that reads "Julie A. Moran".

Julie A. Moran

Vice President of Member Services