



September 16, 2022

The Honorable Jack Reed  
Chairman  
Senate Armed Services Committee  
228 Russell Senate Building  
Washington, DC 20510

The Honorable James Inhofe  
Ranking Member  
Senate Armed Services Committee  
228 Russell Senate Building  
Washington, DC 20510

**Re: Senate Version of the FY2023 National Defense Authorization Act**

Dear Chairman Reed and Ranking Member Inhofe:

As you know, the Senate Armed Services Committee has included language in its version of the FY2023 National Defense Authorization Act requesting the Secretary of Defense to provide a briefing by March 1, 2023, on why banks and credit unions are treated differently on military installations in terms of no-cost land leases. This briefing is an unnecessary use of DoD's time given the recent July 2022 publication of its report on the issue, "Access to Financial Institutions on Military Installations." This is the latest approach in an ongoing campaign by the banking lobby as they seek one more handout from the Congress by using valuable DoD time and resources. On behalf of our 132 million member-owners, we respectfully ask for this language to be removed from the Senate version of the 2023 National Defense Authorization Act for the following reasons.

Credit unions have always maintained that equal treatment needs to focus on service, structure, and ethos, not increasing the bank's profit sustainability. It is outrageous that large banks such as Wells Fargo and Bank of America, who regularly earn billions in profits, would expect DoD to treat them the same as credit unions when it comes to leases. However, rather than seeking a productive solution available to them under current law, the bank lobby chooses to target their long-time nemesis credit unions in the process. There are two main arguments the bank lobby makes in their approach.

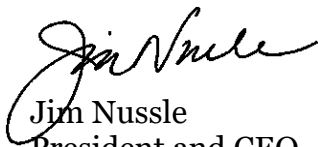
First, the bank lobby asserts that military members are somehow deprived in terms of access to the U.S. financial system whenever a bank closes its branch on the base. However, DoD's recent report to the SASC and HASC on "Access to Financial Institutions on Military Installations" settled this question. The report demonstrates that Service members and their families are not limited in their options for access to financial services given several online and/or off-base choices. In fact, the report found that "There are no domestic DoD installations identified...as lacking adequate access." In addition to the findings in this report, credit unions have long been successfully filling the gap and managing the installation's Treasury General Account at no charge.

Second, the bank lobby asserts that DoD's process for "in-kind" consideration is unclear and that banks deserve a handout instead. Once again, the DoD report to the SASC and HASC reveals the fact is that banks can obtain leases at a nominal cost if they follow normal procedures. Under the Military Leasing Act, 10 USC §2667, banks can demonstrate to DoD how they would use their lease to serve and provide value to the men and women of the base. However, banks still have not exercised this authority which has led DoD to continue its current policy.

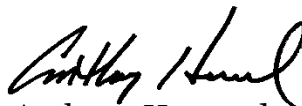
We thank the Department of Defense for recognizing the differences between banks and credit unions. As such, we ask the Senate Armed Services Committee to reconsider the language included in its version of the 2023 National Defense Authorization Act requesting the Secretary of Defense to provide a briefing on why banks and credit unions are treated differently given that the recent report has rendered the briefing an unnecessary use of DoD's time and resources. We also offer the attached one-pager to highlight our concerns and positions with respect to any banking lobby talking points on DoD land leases.

Defense credit unions do not fear competition from banks, especially on base, as there can be an important role for both institutions to play. But credit unions simply put our members first—ahead of profit. If banks want to be treated like credit unions, they need to start acting like them. Equal treatment needs to focus on service, structure, and ethos, not increasing the bank's profit sustainability. Our servicemembers deserve more!

Sincerely,



Jim Nussle  
President and CEO  
CUNA



Anthony Hernandez  
President and CEO  
DCUC



Dan Berger  
President and CEO  
NAFCU

cc: SASC Committee Members

## **Credit Union Industry Talking Points On 2023 NDAA**

- After years of negotiation with the Department of Defense and through amendment of the Federal Credit Union Act in 2006 (12 USC §1770), credit unions - at the discretion of the base commander - *may* be exempted from the costs associated with leases, utilities, and ATM placement on military installations.
- This exemption is not guaranteed for every credit union on every military base. It is a negotiation between the base commander and that specific credit union.
- This exemption is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space or the facility built on the lease land is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families.
- Banks already have the ability via 10 USC §2667 to obtain the same type of waiver for rent. However, banks rarely exercise this clause.
- Credit Unions are the only democratically controlled, not-for-profit option in Financial Services with a mission to promote thrift and provide credit. Credit unions are focused on ensuring the financial readiness of our service members.
- In return, credit unions can continually provide mission essential cash for deployments and daily federal deposit services in addition to quality financial products and services for servicemembers and their families. Credit unions can also provide stronger community support in the face of morale, recreation and welfare funding shortfalls as credit unions remain the only not-for-profit, member-owned financial institutions on the installation.
- Unlike commercial and community banks, savings from this discretionary waiver are directly passed on to the members and their military communities as there are no third-party dividends to stockholders limiting this support.
- The recent bank “exodus” has more to do with profit and loss than serving the military. Even as banks elect to close their base branch offices, credit unions can provide the full scope and low costs of financial services leaving neither the installation nor its servicemembers deprived.
- Furthermore, if one for-profit entity is given access, the flood gates open allowing other for-profit entities to lobby for the same treatment, spanning from defense contractors all the way down to convenience stores.
- As such, credit unions would also be extraordinarily concerned with the inclusion of any language that would provide rent free access to military institutions for more complex profit-centered entities such as predatory payday lenders and currently restricted insurance and investment companies.
- We would urge the Senate to continue to reject the inclusion of any language that would go beyond the Department of Defense’s current authority as it relates to exemptions from the costs of on-base leases, utilities, and services.