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**National Association of Federally-Insured Credit Unions**

March 27, 2023

The Honorable Sherrod Brown  
Chairman  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Tim Scott  
Ranking Member  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, DC 20510

**Re: Tomorrow's Hearing: "Recent Bank Failures and the Federal Regulatory Response"**

Dear Chairman Brown and Ranking Member Scott:

I write today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing, "Recent Bank Failures and the Federal Regulatory Response." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 135 million consumers with personal and small business financial service products. NAFCU appreciates the Committee's ongoing oversight of this matter.

The credit union industry remains a strong, well capitalized, and safe place for consumers. As not-for-profit, member-owned cooperatives, credit unions' focus is on service to their members, not chasing profits. Unlike the banking system where roughly 50 percent of deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC) before the recent failures, nearly 90 percent of credit union deposits are insured by the National Credit Union Administration (NCUA) and its National Credit Union Share Insurance Fund (NCUSIF). Even though the insurer is different, the coverage levels from the NCUSIF are the same as for the banks and the FDIC – an important element to ensure consumer confidence in the system.

In addition, credit unions have access to the full array of liquidity options, including Federal Home Loan Banks, the Federal Reserve discount window, the new temporary Bank Term Funding Program, and the NCUA's Central Liquidity Facility.

Credit unions have not seen runs on their deposits like some banks because of the relationship they have with their members – who know their money is safe at their credit union. That is the credit union difference. Our industry prioritizes members' financial well-being over profits. Credit unions do not make risky investments that could undermine their institution or harm their members; they invest in the programs and products that strengthen them.

While we are not advocating for changes for coverage limits for the NCUSIF at this time, any changes to FDIC coverage levels must include parity in coverage levels for the NCUSIF while not

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changing the tried and tested structure, funding, and operations of the NCUSIF. We urge you to ensure that problems from a few banks do not create new burdens for well-run credit unions in an effort to respond to this recent situation.

Credit unions are proud that no one has ever lost a penny due to a failure of an insured credit union. The credit union system remains safe and strong and ready to serve the American consumer. We appreciate your leadership and focus on this important topic and look forward to working with you on it. Should you have any questions or require any additional information, please do not hesitate to contact me or Lewis Plush, NAFCU's Senior Associate Director of Legislative Affairs, at 703-842-2261.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs