

## Opening Statement by Ranking Member Spencer Bachus, Hearing Entitled, "The Need for Credit Union Regulatory Relief and Improvements"

March 6, 2008

Thank you, Chairman Frank, for holding this hearing on regulatory relief for credit unions. I look forward to hearing from today's witnesses about ways that we can improve the regulation of credit unions, removing unnecessary burdens so that they can better serve their members and their communities.

The millions of Americans who are members of credit unions are a testament to the important services that credit unions provide all across this Nation, particularly in those communities that are sometimes overlooked by other financial services providers. Because they are nonprofit cooperatives managed by their members, credit unions excel at providing high-quality, low-cost services that are responsive to customer needs.

In some underserved urban and rural areas, a credit union is sometimes the only conventional financial institution to be found. Many constituents have told me that they would not have been able to afford their own homes, start new businesses, or even attend college without their credit unions. In addition, I have also been impressed by credit unions' commitment to financial literacy. It is a well-known fact that credit unions help their members become better educated consumers of financial services.

As we learned during a series of hearings of the Financial Institutions Subcommittee that I chaired in the last Congress, some of the regulations on credit unions can be overly burdensome, unnecessarily costly, or largely duplicative of other legal requirements. Whenever we can identify examples of this kind of regulatory overkill, Congress should strive to eliminate them. We did just that in the bipartisan regulatory relief legislation that the President signed into law last Congress, and I commend Chairman Frank for initiating a process this year that will hopefully lead to additional regulatory relief for credit unions and other financial institutions.

However, if we are serious about regulatory relief for credit unions, our efforts must be directed not only at eliminating excessive burdens that currently apply, but also resisting attempts to impose broad new regulatory mandates. For example, there are some who argue that CRA should be extended to credit unions and other segments of the financial services industry that currently fall outside the law's coverage. On this point, I strongly disagree. Rather than expanding the regulatory dragnet, our focus must be on providing appropriate regulatory relief so that financial institutions are free to serve the needs of their communities unshackled by outdated regulatory mandates and bureaucratic red tape. Further, we must ask whether regulatory impositions like CRA have actually been counter-productive.

And we must keep in mind that our goal should always be to improve the quality and lower the price of financial services for consumers. Experience shows that when financial institutions compete for customers, customers benefit as a result.

With that, Mr. Chairman, I again thank you for holding the hearing, and yield back the balance of my time.