

Support Field of Membership Modernization in Missouri

The Issue

Missouri's current, outdated field of membership (FOM) laws inhibit consumers' access to credit unions' affordable financial products and services. Sen. Lincoln Hough (R-30) and Rep. Richard West (R-102) have sponsored legislation (SB846/HB2452) that proposes to modernize the current field-of-membership rules.

Missouri Credit Unions
(as of June 2023)
State Credit Unions: 99
Total Membership: 1,432,103
Missourians

Advantages

- ✓ **Consumers would gain financial freedom from uninhibited access to affordable financial products and services.**
As of June 2023, 19 of Missouri's 114 counties are ineligible to join a credit union outside of family or occupational eligibility. FOM modernization would give more than 215,000 Missourians access to credit union products and services, giving them freedom to secure their families' financial futures.
- ✓ **FOM modernization would help fill the "banking desert" gap.**
A "banking desert" according to the U.S. Census is "a tract of land with no bank branches in the tract or within 10 miles of its center."ⁱ Everyone has the right to choose where they bank, save, and borrow, regardless of where they live. But many Missourians are still "unbanked" or "underbanked" with 6% of Missourians not having or using a financial institution that fits their needs.ⁱⁱ
- ✓ **FOM modernization would help preserve state-chartered credit unions and retain state tax revenue.**
State-chartered credit unions in Missouri pay the financial institutions tax, however, federally chartered credit unions do not. To put it into perspective: in 2022, the state of Missouri collected \$3,340,595 in financial institutions tax revenue. In 2023, the state of Missouri lost \$243,905 in revenue from one, singular credit union changing its charter from state to federal. Under the current rule, a state-chartered credit union may seek to convert to a federal charter to expand its field of membership, resulting in loss of revenue for the state of Missouri. Without FOM modernization, more state-chartered credit unions will convert to a federal charter.

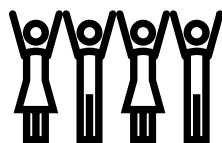
MISSOURI CREDIT UNIONS

For people. Not profit.

Missouri Credit Union Association asks you to support Missouri field of membership modernization because *It Just Makes Sense*



Missouri's not-for-profit, consumer-owned credit unions delivered \$158 million in benefits (*think higher yield on savings, lower fees, lower loan rates, and savings to non-members*) in 2023. Not surprisingly, more Missourians are joining credit unions, with membership increasing 3.3%.



Credit unions offer full service to all their member-owners, and credit union membership tends to be concentrated in the working class. Data shows that Missouri credit unions approve 62.7% of total mortgage applications from low- to moderate-income borrowers.



Credit unions do not want to be banks, but they do want the ability to expand and serve more Missourians. The mission of credit unions is "people helping people." The more people who belong to a credit union, the greater impact a credit union can make on the community.

ⁱ Federal Reserve Bank of St. Louis, "Banking Deserts become a concern" July 2017, Drew Dahl and Michelle Franke

ⁱⁱ FDIC Household Survey, 2021 appendix, Referenced on Jan. 17, 2024

Consumers choose Missouri credit unions as their financial partner

As not-for-profit, member-owned financial institutions, credit unions know and work for their members, not their shareholders. Credit unions represent a growing, but small segment of the state's financial sector. Banks control 94.3% of deposits in Missouri, with credit unions holding 5.7%.

Serving Missourians through good times and bad

No matter what life brings, Missouri credit unions have always been there to help strengthen the financial lives of families, farmers, and businesses across our state. Credit unions are not-for-profit financial cooperatives owned and operated for their members. That's why credit unions wish to modernize their charter rules and ensure economic prosperity and fairness for all Missourians.