

Massachusetts Credit Unions

Creating Cooperative Power

November 2, 2021

The Honorable Brendan Crighton
The Honorable James Murphy
Chairs
Joint Committee on Financial Services
State House
Boston, MA 02133

BY EMAIL ONLY

Dear Chairs Crighton, Murphy and Members of the Committee:

On behalf of the Cooperative Credit Union Association, Inc. (“Association”)¹ and its members, please accept this letter relative to several proposals relating to debt collection pending before the Joint Committee on Financial Services. Each of these measures were the subject of a public hearing on October 26, 2021. The Association offers the following comments:

Support: House 1051, An Act Relative to the Licensing and Supervision of Debt Management Services in the Commonwealth

As a refiled measure, various versions of House 1051 have been pending before this Committee for decades. The Association acknowledges that debt management plan providers and debt settlement companies are required to comply with a complex patchwork of overlapping and interconnecting laws and regulations, however, the time for action by the Commonwealth is overdue. The framework of House 1051 is comprehensive and highlights the many benefits of licensing and supervision, including strengthening the ability for consumers to verify that an

¹ The Cooperative Credit Union Association, Inc. (“Association”) is the state credit union trade association, serving approximately 160 federally and state-chartered credit unions that are cooperatively owned by 3 million consumers as members. On average, one in three Massachusetts consumers are credit union members. Furthermore, the industry employs over 7,500 full and part-time employees. As not for profit cooperatives, over 2,000 volunteer directors further serve local credit unions who deliver \$310 million in member benefits annually. As of June 2021 call report data, credit union member benefits include higher yield on savings: \$56.5 million; lower fees: \$13.6 million; lower loan rates: \$240.3 million; and savings to nonmembers: \$121.1 million (by impact of credit union presence in the marketplace). CUNA Economics and Statistics.

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organization or individual is appropriately regulated by the Division of Banks. House 1051 will serve to demonstrate to consumers, creditors, and regulators which entities are reputable organizations and which provide quality disclosures and services for reasonable fees to the consumer. Furthermore, it will promote public confidence to assure consumers that licensees utilize best practices in handling their financial affairs while eradicating unscrupulous debt practitioners.

As highly regulated financial institutions, the Association appreciates the recognition found within Section 2 of the bill which appropriately exempts credit unions and others. Finally, it is noted that the following New England and contiguous states surrounding the Commonwealth regulate such companies: Connecticut, Maine, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. Inaction in the current session will continue to make Massachusetts an outlier and possibly a safe haven for questionable actors.

Oppose: House 1168 and Senate 663, Acts Relative to Fairness in Debt Collection

The thrust of these companion measures is to establish a comprehensive framework for the collection of consumer debt, referred to as the Debt Collection Fairness Act. The Association strongly believes that these bills do not strike an appropriate balance between managing the debts of credit union members with the flexible and ethical collection practices of local credit unions. Credit unions welcome the opportunity to work with this Committee to realign such balance.

Thank you for your consideration of the views of credit unions relative to House 1051, House 1168, and Senate 663. The Association remains available to respond to any questions or concerns of the Committee and its staff at your convenience.

Sincerely,



Ronald McLean
President/CEO
Cooperative Credit Union Association, Inc.

RM/KB/MAC