

New Hampshire Credit Unions



Creating Cooperative Power

April 12, 2022

The Honorable Harold French
Chairman
Senate Commerce Committee
107 North Main Street
Concord, NH 03301

Dear Chairman French:

On behalf of New Hampshire credit unions and the Cooperative Credit Union Association, Inc. (“Association”), please accept this letter relative to HB 1469-FN, *An Act relative to prohibited acts for banks, credit unions, and businesses*. The measure is the subject of the public hearing today. The Association is the state credit union trade association, serving 14 federally and state-chartered credit unions that are cooperatively owned by 761,000 consumers as members.¹ New Hampshire credit unions are pleased to offer comments to assist the Committee in its deliberations on the emerging financial services issue of the use of social credit scores.

The bill seeks to address this issue from a discrimination and unlawful consumer practices act perspective. At present, use of social or alternative credit scores is not a widespread or even common practice, if at all, in New Hampshire amongst credit unions.

Credit unions have no tolerance for any forms of discrimination and are highly regulated in this area, including being subjected to regular examinations. Clearly, concern exists and relates to privacy considerations and in particular, derivative privacy harms, as well as social polarization and potential increased damage to social mobility, with the use of social credit scores. Alternative crediting may have advantages as a highly efficient and accurate innovative tool that can be used in various ways and formats to expand access to credit to populations, which otherwise might be credit-less or underserved for various reasons under the current credit system.² The Association suggests that if HB 1469-FN advances, then consideration should be directed to the inclusion of protections for credit unions who are already regulated for lending discrimination.

¹ On average, half of New Hampshire consumers are credit union members. Furthermore, the industry employs over 2,029 full and part-time employees. As not for profit cooperatives, over 165 volunteer directors further serve local credit unions who deliver \$125.8 million in member benefits annually or \$342 per member household. As of June 2021 call report data, credit union member benefits include higher yield on savings: \$23 million; lower fees: \$6 million; lower loan rates: \$96 million. Source: Datatrac, NCUA and CUNA Economics and Statistics.

² Local credit unions are ever mindful of innovative ways to provide alternative approaches and to accelerate inclusion into the financial mainstream. Most recently, the nation’s first cooperative-based neo-bank strategy, Bank Dora², was founded by a New Hampshire credit union, Service Federal Credit Union, Portsmouth, as well as four other credit unions, some of whom also maintain a New Hampshire office presence. Bank Dora is an app whose goal is to engage those residents in deposit and lending services who currently do not participate in traditional banking. The Association believes that alternative methodologies, such as Bank Dora, reflect the mission and work of a credit union charter, and remains excited to monitor its progress and the leadership development role, once again, in credit union history fulfilled by New Hampshire credit unions.

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The Association appreciates the opportunity to provide input to the Committee. The Committee's favorable consideration of the views of credit unions as set forth in this letter is respectfully requested. If you or your staff have any questions or require further information, then please do not hesitate to contact the Association at advocacynh@ccua.org.

Sincerely,



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

RM/MAC/KB
