



July 19, 2021

The Honorable Jack Reed  
Chairman  
Senate Committee on Armed Services  
Washington, D.C. 20515

The Honorable James Inhofe  
Ranking Member  
Senate Committee on Armed Services  
Washington, D.C. 20515

**Re: Markup of FY2022 National Defense Authorization Act**

Dear Chairman Reed and Ranking Member Inhofe:

As the Senate begins its markup of the FY2022 National Defense Authorization Act, we write once again to express our interest in preserving DoD's discretionary authority to allow credit unions to use land and space on military bases at a nominal rate. Defense credit unions continue to serve our nation's servicemembers and their families exceptionally well. As member-owned, not-for-profits, defense credit unions focus is providing quality financial services to our men and women in uniform.

Unfortunately, we expect for-profit banks to once again to ask Congress for a handout by seeking a provision in the 2022 National Defense Authorization Act that would require DoD to treat them the same as credit unions when it comes to leases. It is alarming those large banks such as Wells Fargo and Bank of America, who regularly earn billions in profits, would be equal to not-for profit credit unions if such a provision were to become law. Keep in mind, as banks are owned by shareholders who seek to maximize profit, there are no guarantees for-profit banks would use any of the savings to benefit military members or even the communities around the installation.

Credit unions fulfill a vital role in the military community. In fact, their focus on the servicemember is evident throughout the military lifecycle. Whether it involves opening a checking account, obtaining low-interest credit, or learning how to properly save for retirement—defense credit unions proudly serve their communities while protecting against financial predators outside the gate.

In addition to member support, defense credit unions also manage the Department of Defense's (DoD) substantial cash requirements without charge, enabling immediate expeditionary support. Defense credit unions are also asked to assume responsibilities for the government's daily deposits into the Treasury General Account, such as commissary, post exchange and MWR activities. This cannot be done via a mobile device. Plus, unlike other financial institutions, defense credit unions do this on a not-for-profit basis so they can focus on member service versus increasing shareholder wealth.

It is because of this focus on service to their members and their base, over profits, that led Congress to give the DoD discretionary authority to allow credit unions to use land and

space on military bases at a nominal rate. It is also true that defense credit unions have been asked to remain on base to alleviate the high transactional costs coupled with poor service by other financial institutions. This is why DoD continues to grant geographic franchises to defense credit unions operating on U.S. military installations overseas.

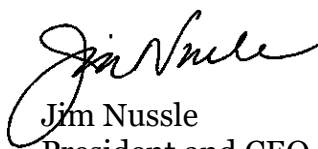
It is no secret, being member-owned and not-for-profit is how defense credit unions keep interest rates low and responsive to member needs (e.g., deployment), which improves the financial readiness of our military. Other financial institutions simply cannot match the credit union difference.

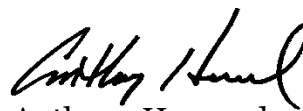
While banks argue for “parity” on this issue, the fact is that banks already can obtain leases at a nominal cost. Under the Military Leasing Act, 10 USC §2667, banks can demonstrate to DoD how they would use their lease to serve and provide value to the men and women of the base. However, banks still have not exercised this authority. Rather than seek a productive solution available to them under current law, they have opted to target their long-time nemesis credit unions in the process.


It is our hope the Senate Armed Services Committee will reject the inclusion of this provision in the NDAA should it surface once again this year.

Defense credit unions do not fear competition from banks, especially on base, as there can be an important role for both institutions to play. But credit unions simply put our members first—ahead of profit. If banks want to be treated like credit unions, they need to start acting like them. Equal treatment needs to focus on service, structure and ethos, not increasing the bank’s profit sustainability. Our servicemembers deserve more!

Sincerely,

  
Jim Nussle  
President and CEO  
CUNA

  
Anthony Hernandez  
President and CEO  
DCUC

  
Dan Berger  
President and CEO  
NAFCU

cc: Members of the Senate Committee on Armed Services