



**America's
Credit Unions**



AACUL
American Association
of Credit Union Leagues

July 31, 2025

The Honorable Kenneth Kies
Assistant Secretary for Tax Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: State Bankers' Request for Treasury Study on Credit Unions

Dear Assistant Secretary Kies:

On behalf of America's Credit Unions, the American Association of Credit Union Leagues, and the state and regional credit union leagues and associations listed below, we are writing regarding a recent letter sent to you by a number of state bankers associations regarding credit unions, calling into question the value that credit unions provide to hard working Americans. Credit unions have nothing to hide when it comes to our service to Main Street America. We are proud of the service we provide to Americans of all economic stripes from rural and urban communities and from coast to coast. You may already be aware of the data, but before we respond to specific inaccuracies and misperceptions in the state bankers' letter, let us clarify for the record the basic facts about the role of nearly 4,500 credit unions in our economy, and our service to American consumers.

The Basic Facts About Credit Unions and Banks

First, credit unions continue to meet their mission to provide provident credit as set out by Congress decades ago. A simple look at Federal Reserve data in the chart below, comparing bank and credit union customers and members, shows that the average credit union member earns less than half the average bank customer and has a net worth that is a fraction of the average bank customer.



Credit unions: Clearly mission-focused

Household income and wealth

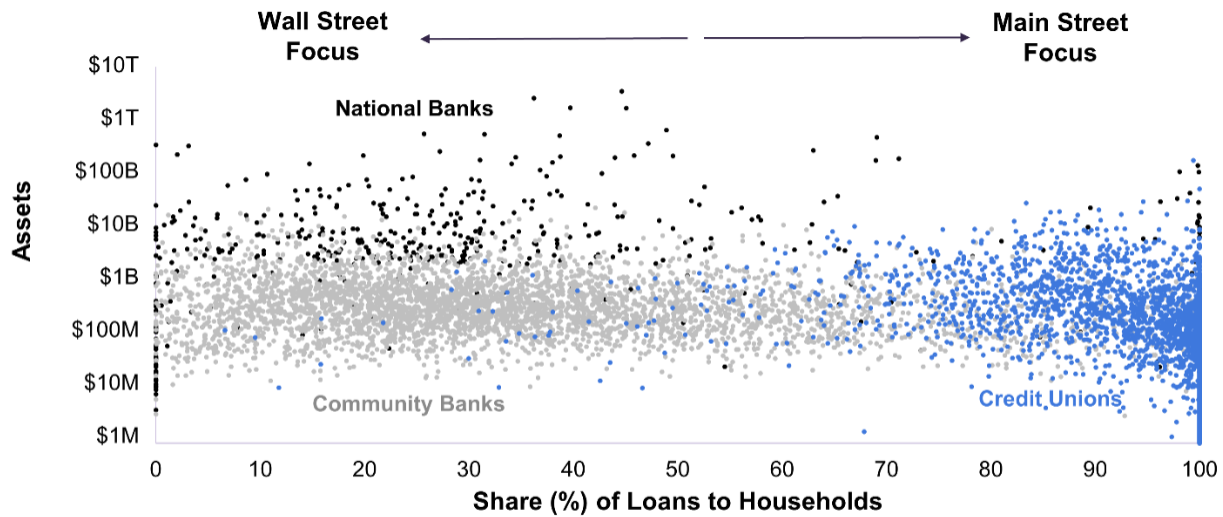
A legacy of employer-based field of membership
 But clearly NOT catering to those of "immodest means"

Demographic group	Mean income	Mean net worth	Median income	Median net worth
CU only	\$71,370	\$302,393	\$52,965	\$78,576
Bank only	\$164,397	\$1,376,863	\$64,422	\$194,180
CU primary	\$119,192	\$691,080	\$87,338	\$235,672
Bank Primary	\$146,783	\$983,959	\$97,433	\$280,402
Differences				
Bank only/ CU only	230%	455%	122%	247%
Bank primary/ CU primary	123%	142%	112%	119%

Source: Federal Reserve 2022 Survey of Consumer Finances (released Oct. 2023)

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Unlike banks, which are driven by profits and often prioritize serving businesses to maximize those profits, credit unions are deeply rooted in supporting households, as depicted below. They exist to serve working families—helping them grow, achieve financial stability, and build a better future. This people-first mission is what truly sets credit unions apart from for-profit banks.



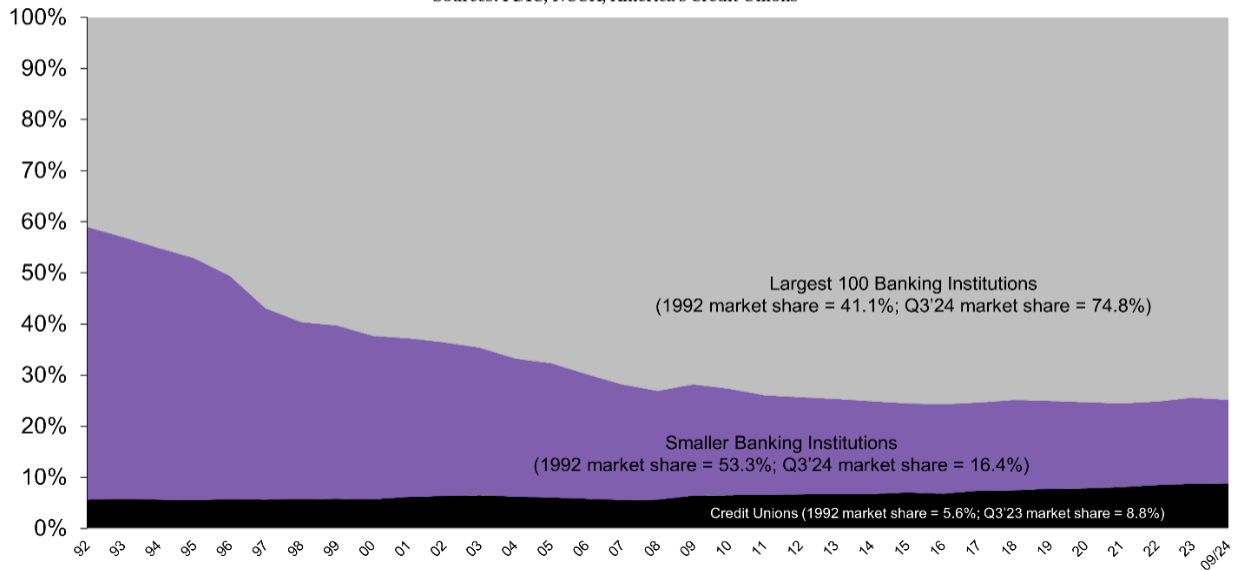
Notes: Household loans are total loans less commercial loans. Community banks as defined by FDIC.
 Sources: FDIC, NCUA, America's Credit Unions calculations

While credit unions now help more than 144 million Americans access safe, affordable financial services products so they can build the wealth needed to lift their families up and achieve the American dream, credit unions still only occupy a sliver of the total market. Because credit unions serve those of modest means and focus on Main Street rather than Wall Street, their share

of the market has remained below 10 percent of total industry assets—just as it has since the Federal Credit Union Act was signed into law more than 90 years ago.

A Small Number of Big Banks Dominate the Depository Industry & the Banking Industry Holds a 91.2% of Depository Institution Assets

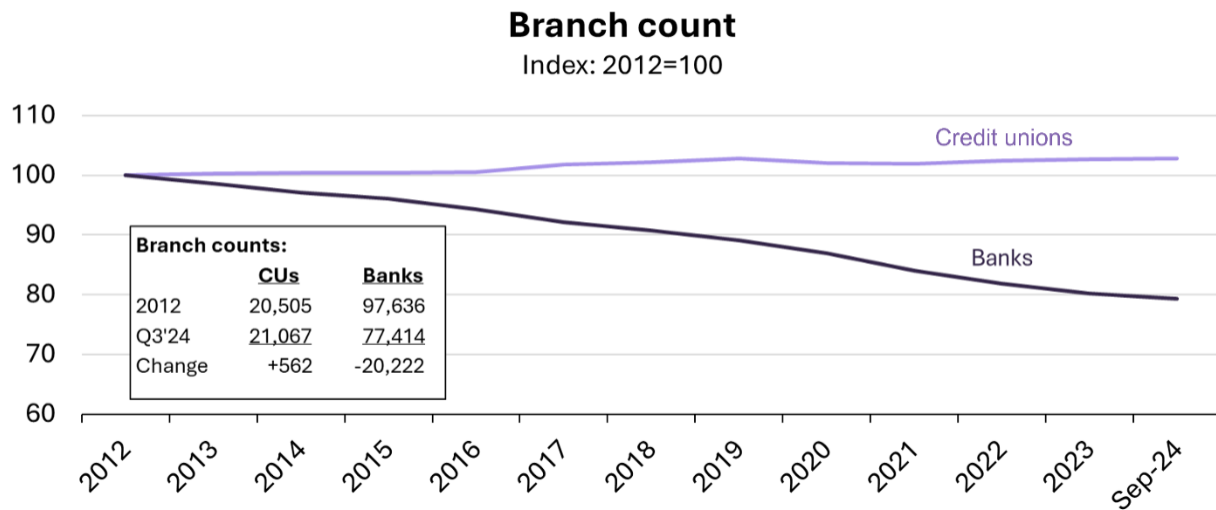
Sources: FDIC, NCUA, America's Credit Unions



Even though credit unions have a small share of the market, they deliver a substantial benefit to the U.S. economy that far outweighs their size. The credit union tax exemption reduces government revenue by approximately \$3 billion per year but delivers a benefit to consumers of over \$37 billion. This is driven by lower loan rates, higher savings yields, and even indirect benefits for non-credit union customers as competition forces banks to improve their rates. A 2025 study by Dr. Robert Feinberg and Dr. Douglas Meade¹ found this impact delivers a 1,200 percent return on investment—one of the best values for American consumers in the U.S. tax code.

Credit unions are providing basic financial services for the millions of Americans who are left behind by banks that are closing branches and creating banking deserts. Serving rural America and inner cities is not profitable. Over the past 13 years, banks have closed over 20,000 branches across the country. In comparison, credit unions have added hundreds of branches during that time, rushing in to fill the void and serve American communities left by banks.

¹ Robert M. Feinberg & Douglas Meade, *Economic Benefits of the Credit Union Tax Exemption to Consumers, Businesses, and the U.S. Economy*, (Feb. 2025), <https://americascus.widen.net/s/jsfcv9svqk/econbenefitscutaxstatus-wp>.



Inaccuracies in the State Bankers' Letter

We will not debate every point in the state bankers' letter because it is full of the same old, tired attacks they have made for years. These attacks have no basis in fact but rather are based only in banker desires to eliminate competition so that they can increase profit margins at the expense of working Americans. Credit unions will not sit by and let this happen.

However, we would like to highlight some parts of the letter that are so inaccurate and misleading that they must be addressed. First, the bankers highlight that "credit unions with assets of at least \$1 billion reported the strongest growth in loans and membership over the year ending in the first quarter of 2025..." This implies that somehow a credit union with more than \$1 billion in assets providing more Americans with affordable loans and higher savings rate is bad. Only bankers could think that way. Quite the opposite, this point means that more Americans are receiving their financial services from a not-for-profit financial cooperative—a credit union—where they have a voice in choosing the institution's management, and where people are the focus, not profits. This should be applauded, not criticized.

The implication seems to be that if a credit union has assets of more than \$1 billion, it is no longer a credit union, which is pure banker fiction. The reality is that if a credit union has \$1 million, \$10 million, \$100 million, or \$1 billion in assets, it is still a not-for-profit financial cooperative. Every member has an equal vote in governance regardless of the size of their deposits; and providing people with safe and affordable financial products and services is more important than making a profit.

It comes down to structure, not size. Purpose, not profit. The fact that credit unions use their income to provide better rates on loans and pay higher account dividends means that they are providing competition for banks. Bankers simply do not like that more consumers are choosing the credit union difference.

Second, the state bankers attempt to make an issue of the fact that federal credit unions (FCUs) do not file IRS Form 990. There is no bigger red herring in the credit union debate. If state bankers want transparency, we would like to remind them that FCUs provide it through their quarterly filings with the National Credit Union Administration (NCUA). For example, FCUs file a quarterly Call Report that contains approximately 3,400 fields. These fields include detailed financial data on loans, investments, deposits, income, expenses, and more. They also file Form 4501A with the NCUA that contains approximately 400 fields on, among other things, product and service offerings, directors, senior staff, branch locations, and key vendors like core processors. In contrast, the IRS Form 990 contains approximately 250 fields, many of which overlap with current FCU reporting or supervisory requirements.

For example, the financial data included in Parts I, VIII, IX, X, and XI of the 990 that is relevant to credit unions is already available through the Call Report. Credit unions should be focused on continuing to do the work they do best—prioritizing their members and providing the highest quality financial products and services—not filling out duplicative and unnecessary government forms.

If the desire is to have greater transparency into tax-exempt institutions, it is important to recognize that one-third of all banks are organized under Subchapter S, meaning they pay no federal income taxes. None of those banks file a Form 990 with the IRS, yet multiple academic studies over the past decade have shown that while tax-exempt credit unions use their tax status to provide more affordable products and lower fees, tax-exempt Subchapter S banks use their tax status to provide a higher return for Wall Street investors.

Finally, we would like to highlight the purest form of banker hypocrisy. The state banker letter begins with a discussion of how credit unions are no longer serving Americans of modest means and then concludes with complaints about credit unions offering wealth management services. Nothing could be more core to the credit union mission of “people helping people” than helping their members save for the future and achieve financial security—including being able to pay for their children’s college or afford retirement. The bankers cannot have it both ways. This argument simply lays bare the fact that bankers do not care about helping people, but rather about eliminating competition to increase their own profits.

Conclusion

Thank you for your review of these important facts. The staff and members of America’s Credit Unions and our state league partners listed below are available to meet with you or your staff at any time to further discuss these critical issues. Our mission is to help credit unions better serve the 144 million Americans who turn to them for safe, affordable financial services.

Sincerely,

America’s Credit Unions
American Association of Credit Union Leagues

Alabama Credit Union Association – The League of Credit Unions & Affiliates
Alaska Credit Union League
Arizona’s Credit Unions – GoWest Credit Union Association
Arkansas Credit Union Association
Association of Vermont Credit Unions
California Credit Union League
Carolinas Credit Union League (NC and SC)
Colorado’s Credit Unions – GoWest Credit Union Association
Credit Union Association of New Mexico
Credit Union League of Connecticut
CrossState Credit Union Association (NJ and PA)
Dakota Credit Union Association (ND and SD)
Delaware Credit Unions – Cooperative Credit Union Association
Florida Credit Union Association – The League of Credit Unions & Affiliates
Georgia Credit Union Association – The League of Credit Unions & Affiliates
Hawaii Credit Union League
Idaho’s Credit Unions – GoWest Credit Union Association
Illinois Credit Union League
Indiana Credit Union League
Iowa Credit Union League
Kansas Credit Union Association
Kentucky’s Credit Unions
Louisiana Credit Union Association
Maine Credit Union League
MD|DC Credit Union Association
Massachusetts Credit Unions – Cooperative Credit Union Association
Michigan Credit Union League
Minnesota Credit Union Network
Mississippi Credit Union Association
Missouri Credit Union Association
Montana’s Credit Unions
Nebraska Credit Union League
New Hampshire Credit Unions– Cooperative Credit Union Association
Nevada Credit Union League
New York Credit Union Association
Ohio Credit Union League
Oklahoma Credit Union Association
Oregon’s Credit Unions - GoWest Credit Union Association
Rhode Island Credit Unions – Cooperative Credit Union Association
Tennessee Credit Union League
Texas Credit Union Association
Utah Credit Union Association
Virginia Credit Union Association – The League of Credit Unions & Affiliates
Washington’s Credit Unions – GoWest Credit Union Association

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West Virginia Credit Union League
The Wisconsin Credit Union League
Wyoming's Credit Unions – GoWest Credit Union Association