



# Maine Credit Union League

Testimony by Robert Caverly  
In Opposition of LD 300

*An Act Regarding Early Closures by Financial Institutions*

Committee on Health Coverage, Insurance and Financial Services

February 18, 2021

Good Afternoon Senator Sanborn, Representative Tepler, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services, my name is Robert Caverly. I am the Vice President of Governmental Affairs at the Maine Credit Union League and I am submitting testimony on behalf of the League in opposition of LD 300, An Act Regarding Early Closures by Financial Institutions. The Maine Credit Union League is the trade association for Maine's 54 credit unions and over 725,000 members statewide.

LD 300 is certainly a well-intentioned bill but is sadly flawed beyond repair.

First, LD 300 would only have jurisdiction over state-chartered institutions. Of Maine's 54 credit unions only 12 have a state charter. Because of federal preemption it is unlikely that this committee could craft legislation that would be able to apply the policy LD 300 proposes to all financial institutions in Maine. This would create an unnecessary imbalance among the Maine credit union system.

In 2021, credit union members have many ways to conduct their banking transactions; including, but not limited to, online or mobile banking, calling their credit union, dropping off payment in a deposit box at a local branch, etc. The COVID-19 pandemic has encouraged more and more credit union members to use alternative methods to

conduct their banking needs. The use of these alternatives has allowed credit union leaders to keep their staff and members safe while still conducting everyday business. The League views increased utilization of modern banking alternatives as a positive silver lining to the current pandemic and a trend that will likely continue to serve both the credit unions and their members well into the future.

It is the goal of every credit union in Maine to keep their branches open. Even during the peaks of the current pandemic branches have largely remained opened, albeit in a limited capacity. Many credit unions have closed or restricted access to the lobbies for the safety of the credit union employees and their members. While lobbies were closed, drive thru service has largely remained opened.

Passing LD 300 would create an unintended disincentive for credit union leaders to close a branch when the situation really calls for them to do so. Encouraging branches to remain open and putting credit union employees in harms way is not a sound policy. Credit unions want to keep their branches open, but when they need to close, they are closed for very good reasons. Reasons like the health and safety of their employees and the credit union members themselves.

LD 300 is incompatible with the global 21<sup>st</sup> century economy we live in. A credit union's geographic territory can span hundreds of miles. How does a credit union with branches across the state apply the proposed policy? The back-office computer system does not distinguish or apply credit union policies differently based on the member's location. As we all know, the weather can vary greatly from differing regions of the state. Should a credit union offer the relief LD 300 proposes to all their members or just impacted members with the local branch closure? How does the credit union determine an impacted member? Members of credit unions may have moved their residency to another state but through shared branching agreements they remain a member of their Maine credit union. Other members, like "snowbirds" may have a second home that they occupy during certain times of the year. The challenges and unintended situations will not allow a credit union to fairly and evenly apply LD 300.

In closing, the League would strongly encourage anyone who has ever experienced an issue with missing a payment or been assessed fees because of a credit union branch closure or other unforeseen emergency, to contact their credit union and have a conversation. The credit union philosophy is "People Helping People" and we are confident in our credit union's abilities to try find a solution, if one exists, to assist their members in need.

This bill is simply not feasible or necessary in our modern economy. The League would urge the committee to reject LD 300 with an "Ought Not to Pass" recommendation. Thank you for considering our industry's views and allowing the League to provide testimony to the Committee today.