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DEFENSE CREDIT UNION COUNCIL

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The Honorable French Hill
Chairman
House Financial Services Committee
U.S. House of Representatives

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
U.S. House of Representatives

Dear Chairman Hill and Ranking Member Waters:

I write on behalf of the Defense Credit Union Council (DCUC), which represents over 200 defense-focused credit unions serving nearly 40 million servicemembers, veterans, Department of War civilians, and military families worldwide. As DCUC's Chief Advocacy Officer, I want to thank you for your continued attention to issues affecting our financial system and military communities. In advance of the House Financial Services Committee's full committee markup scheduled for January 22, 2026, I appreciate the opportunity to offer our views and recommendations on the measures before you, and to respectfully urge the Committee to address long-standing credit union priorities that have thus far been overlooked.

Omitted Credit Union Priorities: First and foremost, DCUC must express our concern that once again, the Committee's markup agenda contains no legislation directly focused on credit unions. We are disheartened that, despite repeated requests and advocacy by DCUC and others in the credit union movement, critical issues for credit unions – especially those serving military and veteran communities – remain sidelined. In prior correspondence (for example, our letter of December 15, 2025), we highlighted several key proposals that would greatly benefit our members and the communities we serve. These include: modernizing credit union field-of-membership rules to expand financial access for consumers, exempting loans made to veteran-owned small businesses from the arbitrary member business lending cap, and restoring permanent access to an enhanced NCUA Central Liquidity Facility (CLF). Each of these initiatives would strengthen financial inclusion, resilience, and economic opportunity for military families without any taxpayer cost. It is disappointing that none have been scheduled for consideration in this markup. Nearly one-third of Americans are credit union members – including service members in every state – and the issues affecting these institutions deserve fair consideration by this Committee. We respectfully urge you to make credit union legislation a priority rather than an afterthought as the Committee moves forward. Defense credit unions serve the men and women who serve our nation, and they merit equal attention and support in your agenda.

Notwithstanding our concerns above, DCUC appreciates the Committee's work on the bills currently slated for the January 22 markup. We offer the following recommendations and comments on each measure, from the perspective of defense credit unions and the military communities we proudly serve:

H. Res. 1007 – Encouraging Responsible Use of AI in Financial Services and Housing: DCUC supports the intent of H. Res. 1007, which expresses the sense of the House in support of the use of artificial intelligence (AI) in the financial services and housing industries. Credit unions are embracing innovative technologies like AI to improve member service, enhance fraud detection, and streamline operations. We agree that AI, deployed ethically and prudently, can expand access to financial services and make processes more efficient for consumers. However, we recommend that the resolution also acknowledge the need for robust safeguards to ensure AI-driven tools do not introduce biases or unfair practices. Clear guidance from regulators on responsible AI use will help institutions innovate while protecting consumers. DCUC and our member credit unions stand ready to work with policymakers on harnessing AI for good – from credit underwriting to housing finance – in ways that enhance financial inclusion and data security. By endorsing principled AI innovation, Congress can help catalyze new solutions for military families and all Americans, while ensuring that algorithmic decision-making remains transparent and accountable.

H.R. 1799 – Financial Reporting Threshold Modernization Act: DCUC strongly supports H.R. 1799, a bipartisan bill to modernize decades-old Bank Secrecy Act reporting thresholds. This much-needed legislation would raise the automatic Currency Transaction Report (CTR) threshold from $10,000 to $30,000 (with inflation adjustments every five years) and modestly increase certain Suspicious Activity Report (SAR) thresholds. These moderate adjustments reflect the significant economic changes since these reporting triggers were set in the 1970s and 1980s. Updating the thresholds will meaningfully reduce the volume of unproductive reports – by some estimates, an increase to $30,000 could cut CTR filings by nearly 80% – allowing credit unions and other institutions to better focus on truly suspicious activity that merits law enforcement attention. Importantly, this reform will strengthen consumer financial privacy (fewer routine transactions of honest members being flagged) while *not* weakening our ability to combat illicit finance. The Government Accountability Office, pursuant to the Anti-Money Laundering Act of 2020, found that millions of CTRs and SARs generated annually provide little value to authorities and recommended raising the thresholds. DCUC believes H.R. 1799 is a common-sense balance that maintains vigilance against financial crime even as it relieves an outdated compliance burden. Every hour a defense credit union currently spends on processing excessive paperwork is time taken away from serving servicemembers and veterans in need. By enacting this bill, Congress will allow those resources to be reinvested into financial education, affordable credit, and emergency assistance for military families – directly contributing to financial readiness and national defense. We urge the Committee to advance H.R. 1799 and help secure these overdue BSA updates into law.

H.R. 4171 – Small Entrepreneurs' Empowerment and Development (SEED) Act of 2025: DCUC supports the goals of H.R. 4171, the SEED Act, which would facilitate capital formation for small businesses and startups. This legislation amends the Securities Act of 1933 to create a "micro-offering" exemption that allows small issuers to raise limited funds from investors without the costly mandated disclosures or filings required of larger public offerings. Anti-fraud protections would still fully apply, but the aim is to remove roadblocks for genuine small entrepreneurs seeking to grow. We believe this is a prudent step to empower innovators and job creators in local communities. Aspiring business owners – including many veterans and military spouses – often struggle to obtain seed capital. By streamlining micro-offerings, H.R. 4171 can open new avenues for entrepreneurs to attract investments and launch enterprises, complementing the role credit unions play in providing small business loans and financial guidance. DCUC appreciates the bipartisan focus on expanding access to capital beyond traditional venture hubs. We recommend ensuring that any final language preserves appropriate investor safeguards (to prevent abuse of the exemption) while maximizing accessibility for true small businesses. With those protections in place, we are confident this Act will spur grassroots entrepreneurship. Helping more military and veteran entrepreneurs thrive not only benefits those families, but also strengthens the economic fabric of the communities surrounding our bases. We encourage the Committee to favorably report the SEED Act and continue to explore solutions that drive inclusive economic growth.

H.R. 5877 – Combating Money Laundering in Cyber Crime Act of 2025: DCUC supports H.R. 5877, which bolsters our nation's defenses against cyber-enabled financial crime. As introduced by Rep. Fitzgerald, this bill would close a critical gap by enhancing the U.S. Secret Service's authority to investigate and prosecute crimes involving digital assets and cyber-enabled money laundering. The rise of cryptocurrencies and online financial platforms has unfortunately been accompanied by new vectors for illicit activity – from ransomware payments to terrorist financing – and it is imperative that law enforcement keeps pace. The Secret Service, with its dual cyber and financial crime mandate, is well-positioned to lead in this arena. H.R. 5877 explicitly authorizes the Secret Service to detect, investigate, and make arrests for offenses related to digital asset money laundering and transnational cybercrime. DCUC welcomes these strengthened authorities. Our member credit unions (and the military personnel they serve) have been targeted by fraudsters and hackers operating across borders using digital currencies, so we appreciate Congress's attention to this evolving threat. We recommend that as this bill moves forward, the Committee ensure robust interagency coordination – for example, between the Secret Service, Treasury's FinCEN, and the Department of Defense – to maximize its effectiveness. We also urge that any new investigatory powers be implemented in a way that minimizes unnecessary regulatory burdens on credit unions and other financial institutions, which are already vigilant in reporting suspicious cyber activities. With careful execution, H.R. 5877 will empower law enforcement to crack down on bad actors in the crypto realm and protect innocent consumers. This, in turn, safeguards the financial stability of military families and the integrity of our financial system. DCUC is pleased to support the bill's swift advancement.

H.R. 6967 – Public Company Advisory Committee Act of 2026: DCUC has no objection to H.R. 6967, which would establish a Public Company Advisory Committee within the Securities and Exchange Commission (SEC). Although this legislation primarily concerns publicly traded companies (and credit unions are not public, stock-issuing entities), we are fundamentally supportive of efforts to improve regulatory policymaking through greater stakeholder input. By creating an advisory committee of business, investor, and perhaps academic representatives, the SEC stands to benefit from more diverse perspectives as it crafts rules affecting public companies. This approach of consulting those "on the ground" often leads to smarter, more balanced regulations – an outcome we certainly welcome. We note that credit unions and other community-based lenders also value having a voice in the regulatory process, and we hope Congress will similarly consider mechanisms to ensure financial regulators hear from smaller, member-owned institutions when developing rules that affect us. In the spirit of H.R. 6967, we encourage the Committee and the SEC to recognize that effective regulation arises from engagement with all stakeholders. We trust that the new Advisory Committee will include representatives sensitive to the needs of smaller issuers and communities. Ultimately, a fair and well-calibrated regulatory environment for the capital markets supports the broader economy in which our military members and veterans live and work. DCUC supports H.R. 6967 as a prudent governance measure and looks forward to its positive impact on the regulatory dialogue.

H.R. 7056 – Community Bank Regulatory Tailoring Act: DCUC supports H.R. 7056, which would provide much-needed regulatory relief by tailoring oversight for smaller financial institutions. Introduced by Rep. Andy Barr, this bill smartly indexes various asset-based regulatory thresholds to growth in the economy (nominal GDP) for community banks **and** small credit unions. In effect, it will adjust caps and cut-off points in regulation so that as inflation and the economy expand over time, more institutions can remain classified as "community" institutions and avoid being swept inadvertently into onerous regulatory regimes designed for much larger entities. DCUC believes this is a forward-looking solution to prevent regulatory creep. Many thresholds in banking and credit union regulation (for example, those determining heightened prudential standards, capital requirements, or examination frequency) are fixed dollar values that do not automatically adjust with economic growth. As a result, a small credit union that grows moderately or a community bank in an area of rising property values can suddenly trip a threshold that subjects it to complex new rules intended for far bigger institutions. H.R. 7056 would alleviate this by linking key thresholds to GDP, keeping regulation appropriately scaled for true community institutions.

We especially applaud that the bill explicitly covers small credit unions alongside community banks. Defense credit unions serving military bases often operate in localized markets; they should not face "one-size-fits-all" compliance mandates due to factors beyond their control like inflation. Right-sizing regulation frees up resources that can be redirected to member services and mission-focused lending. Of course, safety and soundness must be maintained – H.R. 7056 does not remove any supervisory tools, it simply ensures proportional application. DCUC views this bill as an equitable step toward regulatory parity and relief for community-based lenders. We urge the Committee to approve H.R. 7056 and will work with you to see it enacted, alongside parallel relief measures for credit unions.

H.R. 7127 – Restoring the Secondary Trading Market Act: DCUC supports H.R. 7127, a bill introduced by Rep. Dan Meuser to enhance market liquidity for investors and small businesses. This legislation would preempt certain state "Blue Sky" laws to exempt off-exchange secondary market trading of securities from state-by-state regulation when specific conditions are met. In practical terms, it prohibits states from banning or limiting secondary trading of securities (particularly those of smaller companies) on alternative trading systems, so long as the issuing company remains current in its disclosures and other investor protections are in place. DCUC believes that facilitating a more robust secondary market will benefit growing companies and investors alike. Currently, even after a small business or startup raises capital, investors often face illiquid markets if they want to sell those shares – partially due to a patchwork of state regulations. H.R. 7127 would remove unnecessary barriers and create a clearer, nationwide framework for secondary trading, which should translate into more investors willing to fund emerging businesses (knowing they can later exit their investments more easily). This is especially positive for entrepreneurs in areas like defense technology, cybersecurity, or other industries where many veterans and military spouses start businesses. Improved secondary market liquidity means lower cost of capital for such firms, supporting innovation and job growth. We do recommend that as Congress loosens state-imposed restrictions, it ensures the SEC has the tools to monitor any new trading venues for fraud or manipulation. The bill's approach of requiring up-to-date disclosures by issuers is a sound safeguard. In short, H.R. 7127 strikes us as a pro-growth measure that maintains investor protections through federal oversight rather than duplicative state rules. DCUC is in favor of the Committee advancing this Act to promote capital market efficiency and expansion.

H.R. 7128 – TRIA Program Reauthorization Act of 2026: DCUC supports H.R. 7128, which would extend and enhance the Terrorism Risk Insurance Program (TRIA) – a program of critical importance to our nation's security and economic resilience. As you know, TRIA, first enacted in 2002, provides a federal reinsurance backstop that allows private insurers to continue offering affordable terrorism insurance coverage. The program is currently set to expire at the end of 2027, and H.R. 7128 (sponsored by Rep. Mike Flood) wisely moves to reauthorize TRIA well in advance, through 2034, and to refine certain operational components. We cannot overstate how vital TRIA is. In the words of Subcommittee Chair Flood, TRIA helps "make it easier to have an operating [insurance] market where entities can purchase insurance that covers terrorism risk" and thus ensures that businesses, schools, military bases and others can secure coverage against attacks. Chairman Hill himself noted that reauthorizing TRIA is essential to "better protect our economy and strengthen our national security". Defense credit unions have a unique perspective on this issue. Our institutions and members are often located on or near military installations, which can be high-profile targets. The availability of terrorism risk insurance under TRIA gives peace of mind that if, God forbid, an attack occurs, there is a safety net to help rebuild facilities and communities. It's a linchpin for disaster recovery and for ongoing investment in areas that might otherwise be deemed too risky. H.R. 7128's timely reauthorization will prevent any lapse in coverage that could destabilize insurance markets as the 2027 deadline approaches. Additionally, we support any sensible updates the bill includes – such as improving the process for certifying acts as terrorism or adjusting program trigger amounts – to keep TRIA effective and responsive to evolving threats (including cyber-terrorism).

DCUC urges the Committee to approve H.R. 7128 expeditiously. By doing so, you will send a powerful message of assurance to the market and to all our communities that the federal government will continue to partner with private insurers against the terrorism risk. Our economy and the American people – especially those in defense-heavy regions – will be safer and more secure as a result.

In summary, DCUC appreciates the Committee's work on the above measures and generally supports their passage, with the recommendations noted. We believe many of these bills will help strengthen the financial sector – from encouraging innovation and reducing red tape, to enhancing security and expanding capital access – which in turn benefits the military and veteran families that our defense credit unions serve. However, we must reiterate that none of these proposals address the pressing legislative needs of credit unions themselves. We urge you to remember that credit unions are not merely "stakeholders" on the periphery; they are a fundamental piece of our financial system, entrusted with serving 135 million Americans, including the guardians of our nation's security. For too long, credit union-specific reforms have been deferred or overlooked in this Committee's agenda. The result is missed opportunities to improve financial inclusion and readiness for those who serve our country.

As we noted in our December 15th letter, there are targeted, sensible bills *ready* for your consideration that would immediately empower credit unions to do more for their members. Modernizing field-of-membership rules would allow credit unions to extend their safe, affordable services to more underserved Americans – an especially urgent need for young servicemembers and new veterans who may not otherwise have access to fair banking options. Exempting loans to veteran-owned small businesses from the member business lending cap would unlock capital for entrepreneurs who have worn our nation's uniform, without undermining safety and soundness (since these loans would still be subject to all other credit standards). And permanently enhancing the NCUA's CLF would equip credit unions of all sizes with a vital emergency liquidity backstop, at no cost to taxpayers, ensuring they can weather crises and continue lending during disruptions. **Each of these proposals advances the very goals this Committee espouses – financial inclusion, economic growth, and consumer resilience – yet none have been given a hearing or markup.** This omission is glaring, and it is felt deeply by defense credit unions that strive to support military communities often overlooked by traditional financial institutions.

Defense credit unions operate in every state, serving the unique needs of those who serve all of us. From providing low-cost credit to junior enlisted personnel, to financial counseling for military families, to helping veterans start businesses, these member-owned institutions are on the front lines of financial readiness. We simply ask for parity and consideration. DCUC will continue to work with Chairman Hill, Ranking Member Waters, and all Committee members to advance credit union priorities in parallel with bank-focused and capital markets legislation. Our mission is to champion the interests of America's credit unions serving our military and veteran communities, and we are confident that partnership with this Committee can produce win-win outcomes. We respectfully urge you to schedule and support credit union legislation as the 119th Congress progresses, so that the benefits of financial choice and competition reach all constituents – especially the brave men and women in uniform and their families.

Thank you for your leadership in addressing these important issues and for considering DCUC's perspectives. We are grateful for the Committee's attention to policies that promote financial inclusion, community development, and consumer protection. Each of the above measures, in its own way, will contribute to a stronger housing finance system and a more resilient economy that better serves Americans – including our nation's servicemembers and veterans.

Sincerely,

Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the House Financial Services Committee