

EXPANDED ACCESS TO FINANCIAL SERVICES ACT OF  
2005

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APRIL 12, 2005.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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Mr. OXLEY, from the Committee on Financial Services,  
submitted the following

R E P O R T

[To accompany H.R. 749]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 749) to amend the Federal Credit Union Act to provide expanded access for persons in the field of membership of a Federal credit union to money order, check cashing, and money transfer services, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Expanded Access to Financial Services Act of 2005”.

**SEC. 2. CHECK CASHING AND MONEY TRANSFER SERVICES OFFERED WITHIN THE FIELD OF MEMBERSHIP.**

Paragraph (12) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757(12)) is amended to read as follows:

“(12) in accordance with regulations prescribed by the Board—

“(A) to sell, to persons in the field of membership, negotiable checks (including travelers checks), money orders, and other similar money transfer instruments (including international and domestic electronic fund transfers); and

“(B) to cash checks and money orders and receive international and domestic electronic fund transfers for persons in the field of membership for a fee;”.

**PURPOSE AND SUMMARY**

H.R. 749 amends the Federal Credit Union Act (12 U.S.C. 1757(12)) to permit federal credit unions to offer check cashing and money transfer services to non-members of the credit union as long as the individual is within the credit union’s field of membership. The bill is designed to lower the costs paid by consumers for these services through increased competition in the marketplace.

**BACKGROUND AND NEED FOR LEGISLATION**

The past decade has witnessed aggressive outreach by both the public and private sectors to groups that have historically chosen to conduct their financial affairs outside the traditional banking system. Although estimates vary, studies indicate that as many as 10 million American households do not have bank accounts. In addition, many Americans lack the basic tools for managing their money and making wise financial choices. Many banks and credit unions have partnered with community-based non-profit organizations to increase the availability of basic banking accounts and financial products for low and moderate-income consumers. Among financial regulators, the focus has been on facilitating access by historically underserved groups to mainstream financial services, and on increasing awareness among consumers of the benefits of doing business with federally insured, highly-regulated institutions.

H.R. 749 promotes outreach to the “unbanked” by allowing credit unions to offer low-cost financial products and services to individuals who are within a credit union’s field of membership but not yet members. This will also provide credit unions an opportunity to establish relationships with “unbanked” members of the community, many of whom are recent immigrants, and empower them with the knowledge and tools necessary to open a personal account with a mainstream financial institution.

According to the Pew Hispanic Center and Multilateral Investment Fund, money transfers by individuals living and working in the U.S. back to Latin America, currently estimated at \$10 billion annually, should more than double—to \$25 billion—by 2010. These so-called “remittances” have traditionally been executed through money transfer companies such as Western Union, but are increasingly being offered by depository institutions. Hearings held by the Committee during the 108th Congress yielded evidence that over the past four years, competition from banks and credit unions offering money transfer services has substantially reduced remittance costs for consumers. The average cost today of sending \$300 to

Mexico is \$13–\$14, or 4–5% of the amount sent, compared to the average cost four years ago, which was between \$30–\$32, or 10–11%. H.R. 749 addresses the explosive growth of the remittance market by expanding the ability of credit unions to meet the ever-growing demand for these services, which should have the ancillary benefit of bringing more consumers into the financial mainstream.

#### HEARINGS

No hearings were held on this legislation in the 109th Congress.

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 16, 2005, and ordered H.R. 749 reported to the House, as amended, by a voice vote.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken with in conjunction with the consideration of this legislation. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

The Committee considered the following amendment:

An amendment by Mr. Baca, clarifying international and domestic application, was agreed to by a voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has previously held hearings and made findings that are reflected in this report.

#### PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The bill is intended to lower costs paid by consumers for check cashing and money transfer services by permitting federal credit unions to offer these services. This goal will be achieved by enhanced competition in the marketplace.

#### NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in no new budget authority, entitlement authority, or tax expenditures or revenues.

#### COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, April 1, 2005.*

Hon. MICHAEL G. OXLEY,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 749, the Expanded Access to Financial Services Act of 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

ELIZABETH M. ROBINSON  
(For Douglas Holtz-Eakin, Director).

Enclosure.

*H.R. 749—Expanded Access to Financial Services Act of 2005*

H.R. 749 would amend current law to allow federal credit unions to offer services to nonmembers under certain conditions. Nonmembers would have to pay a fee for the services and would have to otherwise be eligible for membership in the credit union. The types of services authorized would include domestic and international money transfers, money orders, check cashing, and travelers checks.

Based on information from the National Credit Union Administration (NCUA), CBO estimates that the cost of implementing this bill would not be significant. The NCUA charges fees to cover its administrative costs, so any additional spending would have no net effect on direct spending. Enacting this bill would have no effect on revenues.

H.R. 749 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Kathleen Gramp. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

## ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Section 1. Short title*

This section provides the short title of the bill, the “Expanded Access to Financial Services Act of 2005”.

*Section 2. Check cashing and money transfer services offered within the field of membership*

Section 2 amends Paragraph (12) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757(12)) to allow federal credit unions to sell negotiable checks, money orders, and other similar transfer instruments, including international and domestic electronic fund transfers, to anyone eligible for membership, regardless of their membership status. Under current law, a credit union is only authorized to provide such services to those who are already members.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**SECTION 107 OF THE FEDERAL CREDIT UNION ACT**

POWERS

SEC. 107. A Federal credit union shall have succession in its corporate name during its existence and shall have power—

(1) \* \* \*

\* \* \* \* \*

【(12) in accordance with rules and regulations prescribed by the Board, to sell to members negotiable checks (including travelers checks), money orders, and other similar money transfer instruments, and to cash checks and money orders for members, for a fee;】

(12) *in accordance with regulations prescribed by the Board—*  
*(A) to sell, to persons in the field of membership, negotiable checks (including travelers checks), money orders,*

*and other similar money transfer instruments (including international and domestic electronic fund transfers); and (B) to cash checks and money orders and receive international and domestic electronic fund transfers for persons in the field of membership for a fee;*

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