



Advantages of the Connecticut State Charter

One of the strengths of the credit union movement is the versatility and flexibility of the dual chartering system. Credit unions can be chartered by state governments or by the National Credit Union Administration (NCUA).

State charters, those chartered through their state governments as opposed to the National Credit Union Administration (NCUA), often hold several advantages such as local supervision, broader membership options, lower operating fees, and more expansive investment and member business lending authorities.



Jorge Perez, Banking Commissioner
Danzel Palmer, Director, Financial Institutions Division
Around the States: [Connecticut State System Statistics](#)

Experienced Governance from Hartford

Connecticut's state-chartered credit unions are subject to state laws and regulations, including the [Connecticut Credit Union Act](#) (Conn. Gen. Stat. Title 36a Chapter 667). This Act and the entirety of [Title 36a](#) outline the authorities and responsibilities of both the Banking Commissioner and the [Department of Banking](#) (DOB). The [Financial Institutions Division](#) (FID), a division of the DOB, is charged with the examination and regulation of state chartered credit unions.

These laws have been enacted to meet the specific needs of Connecticut's citizens. The state legislature which oversee the state regulatory authorities are sensitive to state-wide needs and receptive to their citizens' concerns, often working closely with the department in crafting legislation that would impact industry. Under [Conn. Gen Stat. §36a-10](#), the Commissioner may adopt regulations necessary to administer the provisions of the general statutes with his jurisdiction. Credit union specific rules are found under [RCSA under Title 36a](#).

The Department of Banking has been continuously [accredited](#) by the NASCUS since 1990. Accreditation is given to state supervisory agencies who can demonstrate they meet strict standards of comprehensive

regulation supported through sound policy and capable examiners.

State-based Supervision: Local, Responsive, and Timely Decision Making

Connecticut banking regulators, along with legislative partners have a comprehensive understanding and first-hand knowledge of the diverse communities served by Connecticut credit unions. This perspective allows regulators and legislators to articulate the nuanced need for innovative and competitive financial products and solutions, that meets the need of Connecticut consumers. Credit unions are invited to meet in person with the Commissioner or other DOB staff at their centrally located Hartford office as issues or questions arise. This provides a high level of access often not available at the federal level.

The Connecticut charter model allows for a closer collaboration among supervisory, legislative, and credit union personnel promoting better communication affording credit union officials the opportunity to talk directly to a decision maker. The DOB is particularly responsive to industry requests with a goal of fostering a healthy financial services industry. With local access to the Commissioner, DOB staff, the governor and state



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legislators, state-chartered credit unions have a greater opportunity to influence credit union policy and provide input into their governance than what can be achieved at the federal level.

Additionally, examinations are conducted by locally based staff who are well versed in Connecticut statutes and regulations, the needs of Connecticut consumers, and the local economy.

Ensuring Competitiveness: Progressive Regulation and Authorization for New Authorities and Powers

Connecticut chartered credit unions are provided the general authorities of a financial institution and necessary incidental powers under [§36a-455a](#). Section [§36a-455a\(23\)](#) allows Connecticut credit unions to engage in activities which may not be expressly permitted under a Connecticut charter but allowed under a federal or out-of-state one. A credit union seeking to engage in such activity must provide written notice to the Commissioner, who can then approve or disapprove such activity.

The Banking Commissioner is committed to providing the supervision and statutory powers necessary to enable Connecticut chartered credit unions to remain vibrant by providing a high level of service to their members. The department endeavors to remain both flexible and progressive in resolving both industry issues, and those specific to individual credit unions. Connecticut does not have rigid “one size fits all” policies.

The agency employs a risk focused examination process, where examiners scope examinations well in advance of the start of any exam focusing on those areas considered to involve significant levels of risk. This approach enables examiners to optimize their time onsite and analyze how individual credit unions are identifying and managing their risk.

Field of Membership Flexibility

Section [§36a-438a](#) defines field of membership broadly as a group of (A) single common bond membership, (B) a multiple common bond membership, or (C) persons within a well-defined community, neighborhood or rural district and (D) any combination thereof. Persons designated as eligible for credit union membership include immediate family or household members of a current member, organizers, and employees of the credit union, surviving spouses of a deceased member and any persons approved for membership in perpetuity.

One of the most critical issues to the health and vitality of credit unions is the ability to service their field of membership and, when possible and appropriate, to expand by adding special employee groups (SEG's) or significantly expanding their market area and becoming a community credit union. The Banking Commissioner has allowed several state-chartered credit unions to expand to community charters, which allows for additional growth and service to a much larger field of membership.

Broad Incidental Powers

Connecticut chartered credit unions are afforded the authority under [§36a-455a](#), with further guidance provided by [RCSA under Title 36a](#), to exercise incidental powers necessary or required to effectively carry out the business for which they are incorporated.

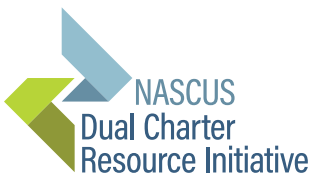
Significantly Lower Operating Fees

Connecticut chartered credit unions pay an operating fee to fund the oversight of their charters as outlined under [§36a-65a](#). The annual assessment levied on Connecticut state-chartered credit unions is significantly lower than the fees charged by the National Credit Union Administration and has remained relatively stable for more than a decade. Despite the low cost, the DOB provides comprehensive and reasonable regulation to the credit unions under its jurisdiction.



The National Association of State Credit Union Supervisors

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