



Advantages of the Pennsylvania 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.



Wendy Spicher, Acting Secretary of Banking and Securities
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Around the States: [Pennsylvania State System Statistics](#)

Governance from Harrisburg

Pennsylvania's state-chartered credit unions are subject to state laws and regulations including the [Pennsylvania Credit Union Code](#), and the [Department of Banking and Securities Code](#), which together outline the authorities and responsibilities of both the Department of Banking and Securities (DoBS) and state-chartered credit unions.

With local access to the Secretary of Banking and Securities, DoBS staff, state legislators, and the Governor, state-chartered credit unions have a greater opportunity to impact credit union policy and provide more input into their governance than federal credit unions.

State-based Supervision

State-based DoBS regulators have a first-hand understanding of the interaction between communities and groups within Pennsylvania and are personally invested in the state's well-being. This perspective allows legislators and regulators to articulate the nuanced need for innovative and competitive financial solutions, and to understand consumer-facing benefits.

With offices in Harrisburg, DoBS management and examiners have in-depth knowledge of economic conditions and community dynamics throughout the Commonwealth. This perspective enables DoBS to effectively supervise its state-chartered credit unions.

Ensuring Competitiveness: Powers and Activities

The Pennsylvania Credit Union Code provides state-chartered credit unions parity with their federal counterparts with activities specified in the Federal Credit Union Act or NCUA Regulations, creating, amending or expanding field of membership, and investments in or loans to CUSOs under [17 Pa. C.S. §§ 501\(e\)\(1\), \(2\) and \(3\)](#) respectively.

State-chartered credit unions can take advantage of an efficient notice process to utilize the Pennsylvania Credit Union Code's parity provision found at [17 Pa. C.S. § 501\(f\)](#).



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Field of Membership

Membership qualifications for Pennsylvania's state-chartered credit unions include common bonds based on employment, associations, multiple common bond (a mix of occupational or associational groups) and residence within a well-defined community or rural district. State-chartered credit unions can invoke the parity provision referenced above to keep pace with field of membership expansion opportunities afforded to federal credit unions.

Industrial Hemp and Marijuana-Related Business Banking

In 2016 Pennsylvania legalized certain medical marijuana related activity to address serious medical conditions as defined in the [Medical Marijuana Act](#). Guidance from DoBS indicates that well-managed institutions that have strong Bank Secrecy Act (BSA) programs that fully comply with the Financial Crimes Enforcement Network (FinCEN) guidance, BSA Expectations Regarding Marijuana-Related Businesses, will not, by providing banking services to marijuana-related businesses in and of itself, cause an institution to receive adverse regulatory treatment.

The DoBS cautions that institutions must ensure they are dealing with entities that have the appropriate licensing and perform robust due diligence, risk management, and oversight. Guidance from the DoBS for the banking of [Industrial Hemp](#) and [Marijuana](#) is available on the DoBS website.

Compensation of Boards of Directors and Committee Members

Pennsylvania state-chartered credit unions may compensate the board, credit committee, and supervisory committee provided the credit union pays dividends to the members commensurate with prevailing market rates during the preceding year. See [17 Pa. C.S. § 709](#).

Assessment Fees

The formula for the semiannual assessment for credit unions is in Title 10 of the Pennsylvania Code, [10 Pa Code § 5.4](#). The DOBS estimated assessment calculator can be found here [Assessment Calculator](#).

Incentive-Based Savings Program

Pennsylvania state-chartered credit unions are provided the authority under [Chapter 57 of Title 12](#) of the Pennsylvania Consolidated Statutes to participate as an eligible institution in a savings promotion program created by the Pennsylvania Legislature to encourage robust saving habits and improve financial literacy.

NASCUS

The National Association of State Credit Union Supervisors

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