



# Advantages of the Louisiana 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.



**P. Scott Jolly, Commissioner**  
**Christine Kirkland, Deputy Commissioner**

**Around the States:** [Louisiana State System Statistics](#)

## **Governance from Baton Rouge**

---

Louisiana's state-chartered credit unions are subject to state laws and regulations, including [R.S. 6:641](#) of the [Louisiana Banking Law](#) (LBL) found in Title 6 of Louisiana Revised Statutes. This Act outlines the authorities and responsibilities of both the [Office of Financial Institutions](#) (OFI) and the state-chartered credit unions. [R.S. 6:101](#), the enabling language creating OFI as an agency within the Office of the Governor, and outlines the required experience required to be Commissioner.

The Commissioner's authority is further provided throughout the LBL including regulatory powers and promulgation of rules under [R.S. 6:121](#), enforcement powers under [R.S. 6:121.1](#) and advisory opinions under [R.S. 6:121.3](#). Credit Union industry specific authorities of the Commissioner are provided under [R.S. 6:646\(B\)\(5\)](#) as well.

These laws have been enacted to meet the specific needs of Louisiana's citizens. The state legislatures approving these laws oversee the state regulatory

authorities and are sensitive to state-wide needs and receptive to their citizens' concerns. Under [R.S. 6:121\(B\)\(1\)](#), the OFI issues administrative rules under [LAC Title 10, Part IX](#).

With local access to the Commissioner, OFI, state legislators, and the governor, Louisiana chartered credit unions have a greater opportunity to affect credit union policy and provide more input into their governance than federal-chartered credit unions.

## **State-based Supervision**

---

State-based OFI regulators have a first-hand understanding of the interaction between communities and groups within Louisiana 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 any consumer-facing benefits.

With offices throughout the state, credit unions can meet in person with the Commissioner or OFI staff

as issues or questions arise, providing a high level of access, increased understanding of state or local economic conditions, and more expeditious treatment. Increased outreach not always accessible at the federal level. Additionally, state-based offices allow for the collaboration between supervisory, legislative, and credit union engagements.

## **Ensuring Competitiveness: Authorization for New Authorities and Powers**

---

In addition to local access, the LBL explicitly outlines public policy to encourage and foster the development of financial institutions and specifically credit unions under a dual chartering system within [R.S. 6:5](#), [R.S. 6:641.1](#) and to authorizing parity with federal statutes under [R.S. 6:644\(A\)](#), ensuring a Louisiana charter's ability to exercise any power allowed a federal credit union.

Further, [R.S. 6:644\(11\)](#) provides Louisiana chartered credit unions the authority to exercise the powers granted under the laws of the state and such Incidental powers as may be necessary or requisite to promote and carry on effectively its purposes.

Additionally, [R.S. 667.1\(B\)](#) allows the Commissioner to grant new Incidental authorities to credit unions and its members by virtue of federal law, including the Federal Credit Union Act as amended, as long as such activity does not adversely impact the credit union.

## **Field of Membership**

---

Louisiana state-chartered credit unions may add associational groups to their fields of membership and establish residential group common bonds of individuals that live, work, or worship within a well-defined neighborhood, small community, or rural district. Louisiana chartered credit unions are allowed geographic expansion authority; may retain their existing field of membership; and continue to add other Select Employee Groups (SEGs).

## **Broad Incidental Powers**

---

Louisiana chartered credit unions are afforded the authority under [R.S. 6:644\(11\)](#) to exercise any incidental powers that are necessary or required to effectively carry out the business for which they are incorporated.

## **Cannabis Banking**

---

The Louisiana legislature enacted specific restrictions on enforcement power or discouragement of an institution providing financial services to cannabis-related legitimate businesses and service providers under [R.S. 6:121.1.1](#). The statute provides a safe haven to ensure a state credit union providing financial services to a cannabis-related legitimate business or service provider shall not be considered an egregious violation for purposes of [R.S. 6:121.1\(C\)](#).

The OFI will not bring regulatory action against a Louisiana state chartered financial institution solely for providing financial services for business accounts to lawfully operating cannabis businesses within their fields of membership. All Louisiana state chartered financial institutions must comply with FinCEN's BSA expectations.

## **Compensation of Boards of Directors and Committee Members**

---

Louisiana chartered credit unions may reasonably compensate an officer, director, or committee member for his or her services to the credit union under the authority of [R.S. 6:649\(C\)](#).

## **Interest Rates on Loans**

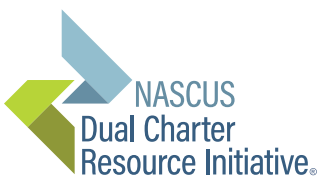
---

Louisiana Credit Union Law does not specifically set a maximum interest rate for loans. Instead, the Commissioner approves maximum interest rates through the approval of bylaws. This enables state-chartered credit unions to fill a gap in credit services between what is permitted for federal credit unions and more predatory options that a consumer might otherwise feel obligated to choose.



The National Association of State Credit Union Supervisors

[NASCUS.org](https://www.nascus.org)



NASCUS | National Association of State Credit Union Supervisors  
1655 North Fort Myer Drive, Suite 650, Arlington, Virginia 22209  
Tel. (703) 528-8351 | [NASCUS.org](https://www.nascus.org)

*The information provided in this publication does not, and is not intended to, constitute legal advice; instead, all information, content, and materials are for general informational purposes only. The information presented may not constitute the most up-to-date information. This document contains links to other third-party websites. As such, the links are only for the convenience of the reader. © National Association of State Credit Union Supervisors (NASCUS)*

01-18-2024