



TO: Senator Longbine, Chairman  
Senate Committee on Financial Institutions & Insurance

FROM: Greg Winkler, President/CEO  
Azura Credit Union

RE: Proponent Testimony of HB 2561

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to provide written and verbal testimony in support of HB 2561. I appear today representing Azura Credit Union, based right here in Topeka and currently serving 62,500 members. We stand in support of these commonsense updates to the Kansas Credit Union Code which are a result of a year-long working group between the Kansas Department of Credit Unions and leaders in the industry. One of the primary hinderances to success in the financial services industry can be the regulatory burden imposed by government but our state regulators understand the importance of working with Kansas credit unions to improve the state charter to operate as efficiently as possible.

The three main ways this legislation would modernize statutes on behalf of state-chartered Kansas credit unions are by simplifying our merger process, clarifying the enforcement authority of our state regulator, and removing the barrier of operating solely within state boundaries.

Azura Credit Union is no stranger to merger requirements as we were chartered in 1939 and are the product today of at least six prior mergers dating back to the 1970's. Currently, the boards of directors and full memberships of both credit unions must vote to approve any merger. The proposal before you would remove the requirement for the surviving, or continuing, credit union's membership to vote. The logistics of these votes are time-consuming and costly for the surviving credit union and could even be limiting in the search for merger partners. The impact on the membership of the merging credit union is likely to be much more significant so the membership vote and approval would still be required of them.

The language clarifying the authority for the Kansas Department of Credit Unions to engage in a gradual escalation of enforcement actions is not seen as controversial within our industry. If this change is adopted, it would seem exceedingly rare that an enforcement action escalates further than warnings.

Lastly, the prohibition for state-chartered credit unions from operating out of state is something unique to us that is not applied to federally chartered credit unions or other financial institutions. This new language does not amend our field of membership (FOM) requirements but would only apply to serving consumers already fitting within a credit union's FOM who happen to work or live in a neighboring state.

Thank you for your thoughtful consideration and I'm happy to stand for any questions you may have.