



MD|DC
Credit Union Association

Delegate Dereck Davis
Room 231
House Office Building
Annapolis, Maryland 21401

HB657: Commercial Law – Maryland Credit Services Business Act – Revisions
Testimony on Behalf of: MD|DC Credit Union Association
Position: Oppose

Chairman Davis, Vice-Chair Dumais, and Members of the Committee:

The MD|DC Credit Union Association, on behalf of the 77 Credit Unions and their 2.2 million members that we represent in the State of Maryland, appreciates the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to educate and help members achieve financial well-being. We respectfully oppose this bill.

In this bill, §14-1917 requires that a creditor or debt collector shall communicate with a credit services business (CSB) concerning an account subject to a dispute if certain conditions are met. We understand the impetus behind this language is to ensure that when a consumer hires a credit services business, the CSB can work with any creditor to fix whatever the consumer's issue may be. The process to solve a dispute in the most efficient and consumer-friendly way is our goal, and for these reasons, we cannot support this language.

First, credit unions are known for having excellent member services and going to great lengths to settle any debt-related issues with members well before collection proceedings are initiated. In the circumstances in which the member and the credit union cannot solve the problems independently, the credit union will work in the members' best interest when collecting or hiring a collections firm to collect the debt. In certain circumstances, credit unions will not communicate with certain CSBs because many CSBs do not look out for the consumer's best interest. In the last 10-years alone, Maryland's Dept. of Labor has initiated 191 enforcement actions against CSBs.¹

Credit union employees that work in collections are often seasoned professionals with decades of experience who know the history of CSBs well. If a credit union member chooses to contract with a CSB, the credit union may work with the CSB. Still, any time the credit union professional feels that the CSB is not working in the member's best interest, they may cease communications and alert the member. To require continued communications between a CSB and a creditor when a power of attorney (POA) is in place is not a beneficial consumer protection policy. Not only does this incentivize CSBs to obtain POAs from clients, which may lead to untoward high-pressure sales methods, but in a case where the validity of POA is later challenged, the credit union may find itself in the middle of a lawsuit.

¹ DLLR enforcement action 2019 – 4, 2018 – 1, 2017 – 5, 2016 – 10, 2015 – 17, 2014 – 23, 2013 – 51, 2012 – 43, 2011 – 27, 2010 – 20.
<https://www.dllr.state.md.us/finance/consumers/enforcement2010.shtml>



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Like any other creditor, a credit union should be able to choose whether or not to communicate with a CSB based on its level of trust and confidence in the business.

As always, we appreciate the ability to have our voices heard and look forward to a continued partnership. Please reach out to me at jbratsakis@mddccua.org or our VP of Advocacy, Rory Murray, at rmurray@mddccua.org with comments or questions.

Thank you!

Sincerely,

John Bratsakis
President/CEO
MD|DC Credit Union Association