



State of Cannabis Banking in the Credit Union Space

June 9, 2022



Today's Agenda

Introduction from Green Check Verified

- Current Trends in Cannabis Banking
- Update on Legislation in Washington
- New Markets and Competition

NCUA Perspective

- Insights from Mr. Hood
- Examiner Expectations and Guidance

Q&A

- Open forum to ask questions of both Green Check experts and Mr. Hood

Current Trends in Cannabis Banking

Basic Checking is No Longer Competitive

- Full suite of commercial products (ACH origination, Wire, Debit Card) are offered and expected
- Lending is fast becoming an option with traditional lenders, and will likely soon become table stakes

Examiners and Regulators

- More comfortable with cannabis banking, asking more in depth questions beyond SARs and due diligence
- Regional differences and interpretations vary so conversations are critical

Current Trends in Cannabis Banking

Technology is Important

- Additional data streams are available to the credit union
- Allows for more in-depth analysis and monitoring
- Better member experience

Staffing

- Business Development expertise to scale and grow programs
- More resources with cannabis banking experience available
- Certifications and ongoing education are important to stay on top of a quickly evolving industry

Updates from Washington, D.C.

SAFE Banking Act

- Act puts into law what is happening today in practice
- Funds from legitimate cannabis businesses would not be considered money laundering
- To date, the SAFE Banking Act has passed the House six times, most recently in February 2022 as an amendment to the America COMPETES Act

Marijuana Opportunity Reinvestment and Expungement Act (HR 3617)

- Removes marijuana from the list of scheduled substances under the Controlled Substances Act and eliminates criminal penalties for an individual who manufactures, distributes, or possesses marijuana.
- Passed the House in April, received in the Senate and read twice before being referred to the Committee on Finance

Updates from Washington, D.C.

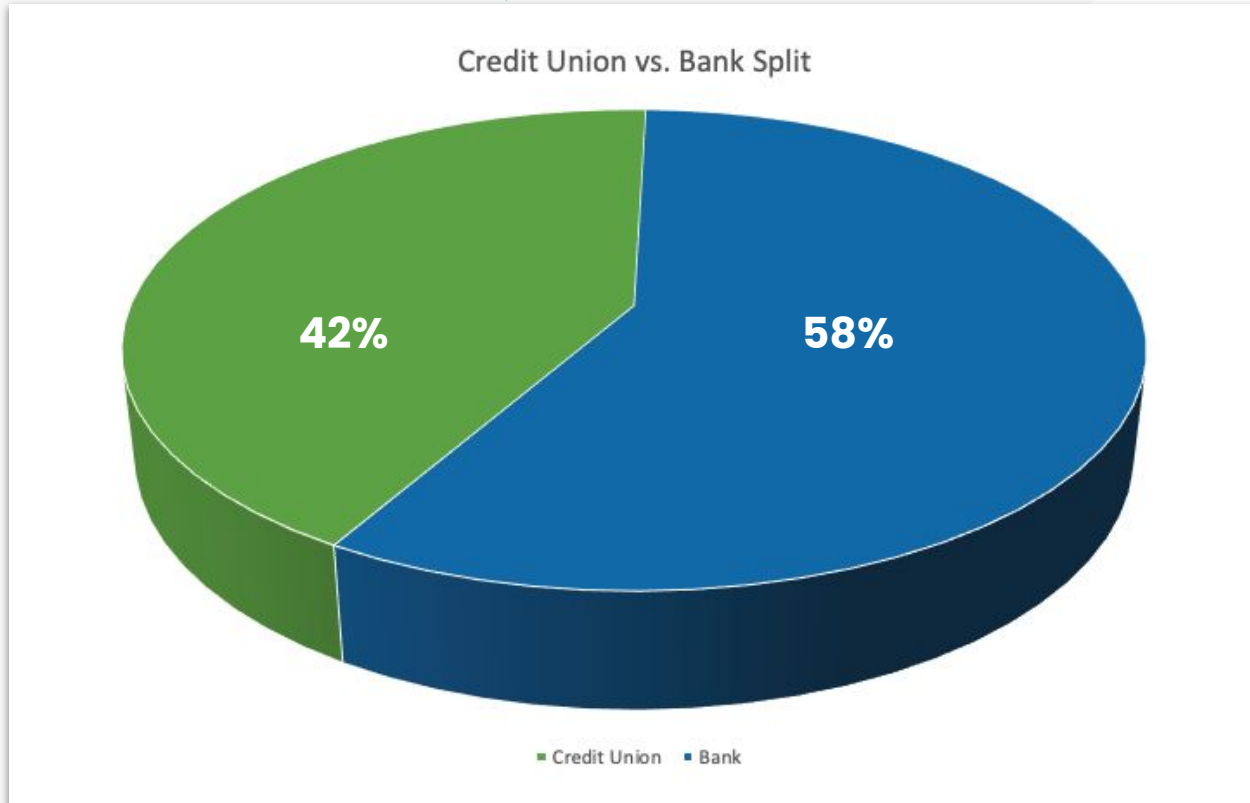
States Reform Act (HR 5977)

- Removal of “cannabis” from the Schedule of Controlled Substances
- Expungement for marijuana-specific non-violent offenses
- Taxation and Regulation recommendations
- Introduced to the House in January, referred to the Subcommittee on Health

Cannabis Administration and Opportunity Act [DRAFT]

- Decriminalize and deschedule cannabis
- Provide for reinvestment in persons adversely impacted by the War on Drugs, and to provide for expungement of certain cannabis offenses
- Establishes FDA Center for Cannabis Products
- Drafted, but not yet submitted

New Markets and Competition



New Markets and Competition

New Programs over the Past Year

- Alabama (M)
- Connecticut (A)
- Mississippi (M)
- New Jersey (A)
- New Mexico (A)
- New York (A)
- Rhode Island (A)

The **Carolinas** and **Tennessee** eyed as next states to build cannabis programs

Competitive Pressure on Pricing

- More financial institutions entering the space
- Markets like Michigan, Oklahoma and Massachusetts have become particular competitive

Rodney Hood, Eleventh Chairman, Board Member, NCUA

Q&A

Submitted Questions

- Does NCUA require or recommend a legal review of a cannabis banking program?
- Do NCUA examiners have a standard guide for reviewing cannabis banking programs?
- How does NCUA feel about lending to cannabis businesses?
- Are there any differences to consider between state and federal chartered credit unions?
- Has NCUA taken action against any credit unions with cannabis banking programs, and if so, why?
- OCC is going to collect information from it's FIs around cannabis banking. Does NCUA have any plans to do that as well?



THANK YOU