

NCUA Board Member Michael E. Fryzel Remarks

CUNA Governmental Affairs Conference

Washington, D.C.

February 28, 2011

Good afternoon. It is an honor and pleasure to address a group of dedicated individuals, who have come to our nation's capital city, to educate our lawmakers about all of the good things credit unions do for the people of this country.

Every year, you spend your time and energy, restating the goals and objectives of our credit unions, to those who serve in Congress. It is important that they are continually reminded that credit unions are the choice of over 90 million Americans for their financial services. This year, the effort you make, and the progress you achieve in your visits to Congress, will impact credit unions for years to come.

I want to recognize and thank Bill Cheney and his entire staff for the outstanding job they do representing and advocating for credit unions across this country every day in our nation's capital.

Bill, you and your excellent staff do an exceptional job for credit unions. Your efforts and actions make CUNA the respected association it is. I commend and thank you for all you do.

Now We have all read a lot about our nation's capital, and what goes on here . . . To those outside of this city it often seems that what goes on is petty and non-productive. But never forget, this is *your* capital city.

You have influence and a voice, how you use these tools will determine how much you can do for credit unions.

Occasionally in our history, people have taken the position that the way things are being done no longer meets their needs. In the 1770s, many people in America felt operating under the King of England was not working; they set up their own country. In 1787, citizens found they could not adequately operate under the Articles of Confederation; they wrote a new Constitution. In 1933, when citizens found fault with law and regulation that allowed the boom of the 1920s fall into the bust of Depression, they drew up the New Deal. Each of these was a seismic event, one that made people look at the basics of what they had and the basics of what they needed. They had to rebuild the structure with which they worked. In all three of these occasions, they rebuilt trying to use the best of the old while also weaving in new ideas and creative operations.

For the last two and half years we have been dealing with the fallout from our own seismic event: the corporate system was not working the way it should have. NCUA stepped in to eliminate what was wrong. With your comments, help, and input we developed new rules – a kind of new structure – so that it would operate better in the future and prevent a reoccurrence of the event. None of this was without controversy.

There will be studies about what went wrong, and we will need to pay attention to what they say. But there will be plenty of time to review them. What we should be doing now is continually working on how best to move into the future. Immediately we face a question: Do we put in the work to keep our movement going or just fold the tent? After all, some among us are considering changing their charters to mutual savings banks. We must decide, do we pay the price to keep the movement alive?

I believe everyone gathered in this room has already answered, just by being here: you are here because you see value in building and continuing the credit union system for the next generation. You will fight for it and you will work for it. You in this room will make it stronger and better able to weather future storms that we may face.

But what about the rest of the country? If we were to ask 300 million Americans whether credit unions should survive, 200 million of them might not know what we were talking about. But 90 million would. Many of them would say yes because they understand that compared to the competition, their credit unions leave money in their pockets. Others of them would not only echo that sentiment, they would also say the principle itself of credit unions is worth every penny we invest to keep it going. The very fact that people cooperate, not for profit but for mutual assistance, is a breath of fresh air in the American economy.

Needless to say, we are not two dozen people around the workplace lunch table anymore. Credit unions have more members than management or their fellow members can know personally. But even if the members don't think about the mutual aid concept every day, credit union staffs do. And that is worth preserving. Ninety million Americans benefit from credit unions, not only because they can retain more of their paychecks, but because they also benefit from a movement that puts a premium on helping people, rather than on ways of charging them unreasonable fees, overselling them services, or delivering marginal products at a high price.

So if credit unions are a breath of fresh air in a grasping market economy and worthy of our continued efforts, how do we move forward? We have already learned over the past two years there are differing perspectives. But this is no surprise; large problems usher up creative and conflicting views. The overriding goal of cooperation and collaboration is strained. Our stresses come not just from the economy but from ourselves, in conflict with one another. We could hardly expect otherwise. There will always be disagreement about tactics.

All of you know the actions of the NCUA Board over these last two years and more especially since last you met here in Washington. Some of you have been critical and some angry. Big problems demand bold actions and these are bound to be uncomfortable. But we *are* going to get out of this. We *are* going to come out stronger than in 2007 because we will be wiser and more disciplined.

In my home state of Illinois, we recall the words of Abraham Lincoln as the terrible calamity of the Civil War was coming to a close. About ten city blocks from here, standing at the East Portico of the U. S. Capitol, during his second inaugural ceremony, Lincoln said, “Let us strive on to finish the work we are in, to bind up the nation’s wounds.” In our own time, we are binding up the wounds of the horrible financial crisis of 2008. It is hard work. It is painful work. And it is sometimes discouraging work. But it is work that should be done. It is work that must be done. And it is work that will be honored by a generation that will benefit and itself pass along the common wealth it has received from the generation which came before.

In that same address, Abraham Lincoln said, “With malice toward none, with charity for all.” By charity he did not mean a gift of money, he meant a courageous attitude. A lot of people who listened to him that day in 1865 did not like what they heard. But Lincoln was not a little thinker; he was a *big* thinker, and he knew the best way forward was not to be small in head or heart, it was to be *large* in head and heart. We have to figure our own way forward and it should not be by being small, but rather large, in head and in heart.

We have to move on and concentrate on growth. We have to learn lessons and not repeat mistakes, and then we all have to put our shoulder to the wheel and push in the same direction. If we continue to think of ourselves as a cooperative movement, as a selfless effort for the benefit of members, people will use us in ever greater numbers, and our problems will fade as we grow. Fortunately, the signs at present are good. Credit union income is up and expenses are down. Consumers are slowly gaining confidence. Increasingly credit unions are helping members by refinancing their debt and lowering rates. And the national media, having finally discovered credit unions, are discussing credit union advantages all across the country.

As we have in the past, we should look back to why we have this system to begin with. We have it because people understood that if they came together in a spirit of cooperation they could do better for themselves than going to a for-profit institution. They would bring one another their savings, and to those who needed loans,

they would loan out some of those savings at the lowest possible rates. If there was any money left over at the end of the year, they had a choice: they could divide it out among themselves or they could retain a portion of it to help expand their credit union. Usually they did both. That is why members stay loyal to their credit union and why the credit union movement has continued to grow.

These are tough and tricky times. We don't know when they will end, and we don't know exactly how, but we are going to wrestle our way out of them. We have a common cause, and we have to understand that we need to work in unison and cooperation. We need to keep our eyes on the goal, and we need to make acts large and small every day to move forward.

You are the vanguard of hope, because you are here to act and to offer up the best solutions to the persons who vote in the U.S. Congress to put those solutions into practice.

I wish you well in your work here. I wish you effective meetings with your representatives and the government officials you will talk to. I wish you well in your forums, where your best ideas are discussed and honed. Take heart from each other, and from the work that you see others do. Take energy and confidence back from this place to your home communities. Tell your friends and neighbors you have taken steps that are going to make a better future and then get them involved. The more people involved, the greater the chance of continued growth and success.

We must keep our heads high and our shoulders broad as we carry the industry forward through this difficult period a period that will pass and lead to better financial times for our nation. We will get there; we will survive and we will see this country and its credit union industry reach new heights of greatness.

Through hard work and confidence The United States built itself into this magnificent nation. Through hard work and confidence Credit unions will build a magnificent future for themselves better than their extraordinary past.

Thank you for listening.