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Media Release

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NCUA Chairman Johnson to Congress: Credit Unions Reaching Out to 'Disadvantaged' Communities

Recommends change in statute to improve underserved access

March 1, 2007, Alexandria, Va.- National Credit Union Administration (NCUA) Chairman JoAnn Johnson testified this morning at a hearing before the U.S. House of Representatives Appropriations Subcommittee on Financial Services and General Government. Chairman Johnson was invited to share insights regarding providing financial services to disadvantaged and underserved communities.

During her testimony, Johnson commended Congress for looking at this vital issue, and discussed several ways NCUA and the credit union community are reaching out to underserved communities.

Chairman Johnson emphasized the important role credit unions have as an alternative to predatory lending products and highlighted the commitment to financial education demonstrated throughout the credit union community. "Any inventory of efforts to help low income consumers would not be complete without mentioning financial education," stated Chairman Johnson. "My experience is that credit unions view financial education as a natural outgrowth of their service-oriented philosophy. Increased financial literacy represents an ounce of prevention that can help low income people avoid getting in over their heads, and actually enable them to use their money wisely and improve their financial health. The advertising slogan 'an educated consumer is our best customer' is very apt when discussing the value of financial literacy."

Chairman Johnson also touted NCUA's Community Development Revolving Loan Fund (CDRLF) grant program which helps small credit unions serve low-income communities. "These grants were used to help credit unions fill a variety of needs, from offering free income tax preparation, to creating bi-lingual materials, to developing a financial literacy program. But more importantly, these grants gave hope to those credit unions that are on the front lines of efforts to bring low-income consumers into the economic mainstream. "

Chairman Johnson concluded her testimony by stating that credit unions' ability to serve low-income communities is limited due to the field of membership restriction and encouraged Congress to help more Americans enter the financial mainstream by amending the Federal Credit Union Act.

"I encourage Congress to support legislation to give consumers in low-income areas a choice, in financial services, and a chance, to invest in their own financial well being. As I said earlier, there are many examples of how NCUA and credit unions are addressing the financial service needs in disadvantaged communities. However, more can be done if Congress provides the flexibility to do the job."

The complete text of the testimony is available online at [click here](#).

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund, insuring the accounts of over 85 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not tax dollars.