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Media Advisory

FOR IMMEDIATE RELEASE

Fryzel Announces Initiatives to Improve Supervision, Centralize Chartering Process

October 30, 2008, Alexandria, Va. – National Credit Union Administration Chairman Michael E. Fryzel announced two significant initiatives during today’s annual NCUA Budget Briefing and Public Forum designed to enhance supervisory oversight of federally insured credit unions and ensure consistency and efficiency in reviewing new federal charter applications.

The 2009 NCUA Budget discussed today outlined funding plans to put these new initiatives in place if approved by the NCUA Board at its November meeting.

Fryzel’s initiative calls for an examination or material supervisory contact at every federally insured credit union during a timeframe that does not exceed 12 months. This would enhance the current risk-focused exam by requiring more frequent on-site contacts while allowing examiners to continue to use a risk-focused scope to identify and evaluate specific areas of concern.

“Given the complexities and volatility of the financial marketplace, I want to ensure NCUA is better positioned to be more preemptive in recognizing areas of risk, developing appropriate corrective actions, and performing necessary on-site follow-up contacts. Today’s economic uncertainties dictate the need for an enhanced level of supervision and closer monitoring of balance sheet risk. For these reasons, I find these changes prudent, timely and essential for all federally insured credit unions.”

The other new initiative would consolidate the process to charter a new federal credit union into a centralized office located in the Agency’s Alexandria office.

“While the process to charter a new federal credit union is a careful and deliberate one, I want to take every affirmative step to ensure that it is not unnecessarily so. It is my belief that centralizing the function will result in a more efficient and effective process,” stated Fryzel. “It will be no less thorough, but it should present a more reasonable set of conditions whereby consumers can form a viable cooperative

financial institution.”

Under Chairman Fryzel’s proposal, beginning January 1, 2009, NCUA will evaluate new federal charter applications in its headquarters. In the past, each regional office accepted new charter applications and made a recommendation to the NCUA Board. It is anticipated that the centralized evaluation will be more streamlined, and will also enable the Regions to devote additional time and resources to the examination process. The proposal will be placed on the agenda for Board consideration at its November meeting.

“I will continue to review every facet of the Agency in order to make us more efficient and effective in fulfilling our public policy function,” Fryzel said. The National Credit Union Administration is the independent federal agency that regulates, 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 deposits of nearly 89 million account holders in all federal credit unions and the majority of state-chartered credit unions.

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