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NCUA Media Advisory

Matz Tells Senators of NCUA's Efforts to Protect Credit Union Members, Mitigate Risks

Chairman Testifies to Senate Banking Subcommittee

October 14, 2009, Alexandria, VA. – National Credit Union Administration Chairman Debbie Matz today told the Senate Banking, Housing and Urban Affairs Subcommittee on Financial Institutions that stress in the financial sector has translated into challenging times, but she is confident that the credit union industry will weather the storm.

“Credit unions have not been spared harsh effects of the economic downturn and have a difficult road to travel in 2010 and beyond,” Chairman Matz told subcommittee members at a hearing on the condition of the financial services industry. In response, “NCUA has enhanced our supervision, shortened the examination cycle, increased the number of examiners and upgraded risk-management systems.”



Chairman Matz testified that, in 2008, corporate credit union exposure to mortgage-backed securities first created a liquidity shortage, then later capital impairments that affected the entire credit union system. Given the tenuous real estate market, Matz said NCUA expects additional losses to materialize.

Matz also pointed out emerging difficulties with retail credit unions independent of the problems in the corporate network, tied to the real estate downturn. “Delinquencies and loan losses have increased, from .3 percent in 2007 to 1.62 percent currently. And industry-wide capital, while still strong, has declined from 11.8 percent in 2007 to 10 percent. I am encouraged that 98 percent of the 7,700 federally insured credit unions are at least adequately capitalized...but I am troubled by the increase in credit unions that have been downgraded to CAMEL 4 and 5. Between December 2008 and August 2009, assets in these credit unions have almost doubled,” noted Chairman Matz.

In response, Matz said NCUA is shortening the exam cycle from 18 months to 12 months, adding over 100 examiners in 2009-10, and monitoring credit unions more closely to quickly address issues that arise between on-site examinations.

“While the year ahead will be challenging, I am confident that we and the credit union industry we regulate will be stronger in the end,” Chairman Matz said. “NCUA has an obligation to consumers: As a safety and soundness regulator, we will be successful if we preserve strong

credit unions capable of meeting the financial needs of their members.”

Chairman Matz testimony is available online at: [click here](#).

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 90 million account holders in all federal credit unions and the majority of state-chartered credit unions.

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