National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314
www.ncua.gov

Office of Public &
Congressional Affairs
(703) 518-6336
jzimmerman@ncua.gov

NCUA Media Release

Hyland Speech Reviews "Promises Kept"

NCUA Board Member Also Proactively Setting Guardrails to Protect Credit Unions

WASHINGTON (March 20, 2012) – In a speech before more than 4,000 participants at the Credit Union National Association's Governmental Affairs Conference (GAC), National Credit Union Administration (NCUA) Board Member Gigi Hyland reflected here today on her path from a credit union advocate to a regulator. During her first appearance six years ago as a regulator at the GAC, Hyland made two promises:

- Always put the safety and soundness of credit unions first; and
- Actively listen to the concerns of credit unions by getting outside the Beltway and talking to individuals one-on-one and in groups.

"I have kept both of those promises," said Hyland. "Through the most severe financial crisis since the Great Depression, I made policy decisions by asking tough questions and looking at the issues from a 360-degree perspective. I persistently fostered communication between regulator and regulated, and urged NCUA staff and credit unions to have an ongoing dialogue."

In recent months, Hyland has participated in shaping final and proposed regulations approved by the NCUA Board that address emerging risks for the credit union system. These new rules come in response to criticisms raised by NCUA's Inspector General, the Government Accountability Office, and credit unions that NCUA had not acted in a timely enough fashion to prevent sizeable losses to the Share Insurance Fund and the Stabilization Fund.

"If you think about the recent past in that context," said Hyland, "it should not be a surprise that I and my colleagues on the Board are trying to get ahead of issues and to proactively set guardrails along the regulatory road credit unions travel. We are trying to evaluate the areas of risk that can be a source of trouble to credit unions in the future, before another crisis happens, not after."

The NCUA Board's recently finalized interest rate risk rule requires federally insured credit unions to develop and adopt a written policy on interest rate risk management. The rule also requires covered credit unions to effectively implement these written policies, as part of their asset liability management responsibilities.

"Growing real estate and growing deposit bases create opportunities for growth, but must be managed particularly in today's very unusual interest rate environment," added Hyland. "Taking a proactive regulatory approach to this impending risk for credit unions is not meant to place an undue burden on credit unions. Rather, it is meant to alert you to the issue so you can put the risk safeguards in place to safely and soundly manage through a rising interest rate environment."

- MORE -

Hyland's speech also highlighted other rules under consideration by the NCUA Board, including proposals on loan participations, credit unions service organizations, and emergency liquidity.

"NCUA will continue to be proactive in resolving issues at credit unions and setting regulatory parameters which require credit unions to more holistically manage risk. Can you impact this reality? Of course." concluded Hyland. "The remarks you've sent to NCUA on the aforementioned proposals will undoubtedly result in refinements and changes in my policy decisions as the NCUA Board finalizes the rules later this year."

For the full text of Hyland's GAC speech, click here.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

- NCUA -