

NCUA BOARD MEMBER MICHAEL E. FRYZEL REMARKS

DEFENSE CREDIT UNION COUNCIL 48<sup>TH</sup> ANNUAL CONFERENCE

NEW YORK, NY.

AUGUST 23, 2011

Thank you, Arty, and thank you for inviting me to your annual conference here in New York City.

It is always a pleasure to address such an active organization. The Defense Credit Union Council has, since I last stood before you in Washington, D. C., continued to demonstrate that its member credit unions and the people who lead them are in the forefront of the credit union movement, maintaining financially healthy organizations, reaching out to the needs of people who use their credit unions, and showing the nation that a cooperative system of lending and saving improves and strengthens American lives and American families.

As you know all too well, we are in a time of war. Our country's military operations in Afghanistan have now lasted longer than World War II did, with over 1,000 American lives lost. Our men and women in uniform continue to risk their lives to protect the freedoms we enjoy here at home. There is no doubt in my mind that, as a result of their sacrifice and bravery, they have protected and saved countless American lives here in our country. And for their service we are all truly grateful. Their commitment to these struggles half way around the world has put serious strain on their families. The strain is not just on their spouses, but also on their children as well as their relatives who pray every day for the safe return of their loved ones.

The men and women of the U. S. Military and their families make sacrifices that many civilians could not even begin to understand. Yet they do so willingly and with great valor and dignity. Through their service they provide a land of opportunity for everyone in the United States. a place where we can worship and work in freedom.

When we think OF New York City, we think of it as the center of finance, commerce, and arts. But there are many military aspects of the city. There is, of course, the magnificent aircraft carrier *Intrepid* some of you will be visiting this afternoon. The *Intrepid* served in the Pacific Theater during World War II and later during the Vietnam War, in between serving the Mercury and Gemini space flight programs. Besides the *Intrepid* there is Governors Island in the harbor here; it served for more than 200 years as an Army post and then a Coast Guard facility.

New York City was also the scene of one of the first and most severe trials of the nation's young army. This army of volunteer recruits defended New York City across the river on Brooklyn Heights 235 years ago almost to the day. Young and brave American soldiers suffered the August 27<sup>th</sup> battle – known today as the battle of long island -- and then the retreat across the East River to Manhattan, roughly where the Brooklyn Bridge is now. If any of you have read David McCullough's book *1776* you will know about that miraculous night-time crossing. The army then marched north. In pursuit, British and German soldiers landed on Manhattan just south of where the United Nations Building now stands, and chased the Americans all the way up Manhattan Island and then to White Plains in Westchester county. George Washington and his army had to give up New York City and retreat south through New Jersey. It was a desperate time and by then – it was late fall – the weather had turned fiercely cold. The soldiers were sick, exhausted, and did not have the shoes, clothing or equipment for freezing weather.

It was during this disastrous retreat that Thomas Paine wrote a pamphlet called *The American Crisis*, which began: *These are the times that try men's souls: The summer soldier and the sunshine patriot will in this crisis shrink from service to his country; but he that stands by it now, deserves the love and thanks of man and woman.* We are thankful that the men and women in America's armed forces today are not summer soldiers or sunshine patriots. They serve around the world in bitter cold and searing heat.

They suffer hardships and extended absences from loved ones so their countrymen and women can have a better future.

As you also well know, we in the credit union movement have had our own days of crisis. The financial fury of 2008-2009 fell upon us with unexpected ferocity. Some corporate credit unions suffered grievously.

Through much of 2009 and 2010 we were hounded by debilitating forces: corporates with huge amounts of toxic assets, and a bad economy that threw people out of work, resulting in higher delinquency rates and charge-offs. But our own credit union soldiers did not cut and run.

They are not sunshine patriots and summer soldiers showing up for duty only when the weather is good and the commissary is filled with food. They understand that when you say you will help your fellow members, you mean not just when the interest rate spread is wide but also when it is narrow. Credit unions across the country, and yours especially, worked with members to help them stay in their homes, hold onto their cars, and keep paying their loans.

At times no one could quite see how and when things were going to get better, but like the American soldiers in and around New York City more than 200 years ago, credit union people knew the struggle was worthwhile so that those better days would come.

Never have the credit unions of your Council been more needed. Military families have enough to worry about with their loved ones in harm's way and the daily struggles of military life. But They ARE also families that have to count their dollars very carefully each day so that there are some left at the end of the month, because there are often few enough dollars to begin with.

They should not have to worry about high fees, or high loan rates, or lenders looking to enrich themselves at military families' expense.

This is the wonderful thing about credit unions; they take only enough money to stay in business and thereby assure that they are delivering the best products and services to their members at the lowest possible prices. You are not in this worldwide credit union movement to charge anything and everything the market can bear as for-profit companies do. Rather, you are in it to give as much assistance, aid, and service to families as you possibly can. Just as military men and women make *our* lives better, so *you* make *their* lives better.

This is tremendously important work and I hope you rise in the morning knowing it and go to bed satisfied that you have made your military bases, your communities, your nation and the world a better place because of your efforts.

Military virtues and credit union virtues overlap: discipline; valuing cooperation; looking out for those around you; putting the good of the community above your own good; looking to the long-term benefit rather than the short-term gain.

As I have said to you on another occasion, this overlap of virtues is one reason I believe Defense credit unions are among the most successful credit unions in our nation.

No one more than men and women in uniform understand the virtue of cooperation. This is true if you are in a fox hole with someone at arm's length, or if you are an infantryman depending on the skill of a pilot thousands of feet overhead, or even of a drone operator hundreds or thousands of miles away. Each has to cooperate with the other. And no one better understands that each person in an operation has to perform his or her job completely and correctly for the mission to be accomplished.

We in this room also have our own jobs to do. If you work for one of the Defense Council credit unions, your job is to serve your members who are in military families.

If you work for the Defense Council itself, your job is to work to see that your member credit unions are functioning to maximum efficiency.

My job is not your job.

You run credit unions and help credit unions run better. My job is to work to protect the safety and soundness of the credit union system. My job is to safeguard the savings of the 14 million members of defense credit unions and the savings of the 76 million others who are also credit union members. One of my predecessors on the Board of NCUA, Ed Callahan, kept a sign on his desk that read: “We don’t run credit unions.” He was right.

You do. We at NCUA don’t want to run credit unions. Like the Defense Council, we are facilitators.

our jobs are different but each of our different jobs enhances the industry in which we work and aims to make the day-to-day operations of credit unions better and easier, And, most important, safe so that next year and 10 years from now and 50 years from now people will be able to use financial products and services that are going to help them, not hurt them.

New York City has grown up mightily since the days of the Battle of Long Island in 1776. In some respects it is the most powerful city in the world. As such it can become the focus of envy, even hatred. We do not have to venture far from where we are right now to visit Ground Zero where the Twin Towers once stood to understand we live in a dangerous world. The anniversary of the tragic day in 2001 -- the 10<sup>th</sup> anniversary -- is only 19 days away. That tragic day launched our nation into two wars, one in Afghanistan and one in Iraq and on a hunt to find Bin Laden and those who stood behind him. And as I have noted, this put a tremendous strain on military men and women, their families, and their loved ones. *You* see it every day on the faces of members who come into your credit unions, and indeed my guess is that many among you knew these weights and these strains first hand. As Thomas Paine wrote, “These are times that try men’s souls . . .”

A former Chief of Naval Operations in the 1960s, Admiral George Anderson, once said. “The Navy has both tradition and a future...and we look with pride and confidence in both directions.” I think we can say the same of the credit union movement. Those who came before us constructed a system of cooperative financial services organizations that are unmatched in delivering financial products to America’s citizens. Credit unions began in hard times; they know hard times. They know how to work in hard times. We need to remember, when this financial crisis is finally behind us that not a single credit union member lost a penny of insured funds, that credit unions took care of their problems without a taxpayer bailout, and that every wire transaction, every payment and every transfer was accomplished without interruption. Despite tremendous stresses on both the corporate and natural person credit union parts of the industry, we were able to make “business as usual” the word of the day, and for that, I believe everyone deserves credit.

Although things appear to be slowly getting better and we are hopeful that the worst is behind us, and that the horizon is brightening, we are not yet in the clear and we still have some tough days ahead. Unemployment is too high, too many mortgages are underwater, and there is too much uncertainty concerning how the nation’s and the world’s financial affairs are going to play out. But we in the credit union movement have set into place the needed processes for putting our problems behind us. Now with diligence, we have to watch as those processes do the job they were put in place to do. We must wait and be patient.

You may know that New York City was occupied by British and German troops from 1776 to 1783, the entire period of the Revolutionary War. New York City was the first or second most important city in America. These occupying troops could use all of the benefits of this city – the buildings, the deep harbor, the shops and workforce, the strategic location between New England and the South . . . but they lost the war. George Washington and the Americans waited them out.

It took a long time, but the result was this magnificent city you see around you today and this magnificent country we are proud to call the land of the free and the home of the brave.

If we keep our common sense about us, if we practice the virtues for which we are famous, working together we are going to come out of this better than we ever were.

Thank you for inviting me here today. Thank you for listening.