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NCUA Board Member**

**Remarks before  
Michigan Credit Union League & Affiliates  
Annual Convention and Exposition**

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Thank you Dave for that fine introduction and for the outstanding job you do as CEO of the Michigan Credit Union League. Michigan credit unions have remained strong through this difficult economic period and your leadership of the league continues to provide them with the support services they need. I commend you for your commitment to the success of the industry.

I am pleased to be with you at your annual convention being held at the wonderful Grand Traverse Resort here in the Traverse Bay area of this beautiful state. As many of you know, I am from Chicago and Michigan is where people from Chicago come to escape the crowds of the city and the heat of the summer. There is no better place to be in mid-July than northwestern Michigan.

Across the country, whenever one mentions the state of Michigan, people immediately think of the automobile industry and the struggles it has experienced rather than its lovely beaches, its gorgeous lakes, and its magnificent forests. But those who live and visit here know they are in abundance. Which is why it is not surprising that ABC's *Good Morning America* named Sleeping Bear Dunes National Lakeshore the Most Beautiful Place in America. That is quite an honor considering the number of astonishingly gorgeous places in this great nation. But your role as the Michigan League and Michigan credit unions is not to be tour guides to lakes and forests and beaches. That job is already capably done by Michigan's tourism office. You are organized to help the citizens of Michigan with their financial well-being.

For the last several years, that has been tough. Unemployment in Michigan has been high. The most recent figures show it at 8.5%. Fortunately for Michigan it is lower than in quite a number of states, including California, Florida, Nevada, Georgia, Illinois, South Carolina, and New York. although eight percent in unemployment is significantly more than what it should be, those who can remember the very sharp recession of the early 1980s might recall that unemployment in Michigan then peaked at greater than 16%, twice today's rate. So there is some consolation in the smaller numbers we have today.

That 1980s recession had at least the virtue of ending faster than this one. After breaking the back of inflation with tremendous interest rate hikes and massive layoffs, the nation got back to work relatively quickly. Thirty years later our recovery is slower. Unemployment remains an extremely serious problem. Families continue to struggle to pay their mortgages, pay off their credit cards, find jobs if they don't have them or, if they do have them, hold onto them.

People across the country are having hard economic times. Throughout this nation our citizens are saying that their number-one concern is not foreign affairs, the environment or education, but the economy.

That concern nationwide and in your great state, puts Michigan credit unions in the thick of the fight. Persons all across the state are working month after month to make ends meet. But that puts Michigan credit unions in a good position -- it gives you the best story to tell. No one else can say as you can that you are organized for a single purpose: to improve the financial lives of your members. This means running financial services institutions that offer loans and savings products with very low margins clearly showing credit unions are run solely for the benefit of those who join. There are no hidden agendas.

For these reasons you can and must provide the best financial services and products to the citizens of Michigan at the lowest possible prices. Every month, when a family looks at its income and expenses, and finds it has not paid \$10 a month for a checking account, or 18% on a credit card balance, or high fees on a mortgage, Because they belong to a credit union, that family is better off. The work you do has an impact that even you may not realize. What you do, very often makes the difference between hope and despair for a struggling family.

Very likely what you have been doing has been making the difference between a family's meeting its obligations or risking bankruptcy, has been helping a young person be the first in his or her family to go to college, has been allowing a married couple to put away some savings for a dignified retirement or has been allowing a new business to open or an existing one grow. Yours is some of the most important work in America, and I hope you never forget it.

As you in the credit union industry know, when you deal with narrow margins, you have to work hard. You have to watch every cost and every piece of income. There's no luxury, no cushion, no slack. It's hard work. But that's nothing new to Michigan or to the nation. This is a working state and a working nation. A hundred years ago, Europeans visited the United States and exclaimed, "My, how they work!" That is because the United States was then and is now a hard-working nation.

In America, obstacles are not the end of dreams. Here's a Michigan example. One day in the 1840s, Philo Everett of Jackson, Michigan, heard about a surveying party in the Upper Peninsula annoyed because in some locations in the woods their compasses would not work properly; the needles spun in their cases. Everett traveled on foot and by boat for six weeks to reach the area he had heard about. he tramped through forests with two native Americans who led Everett to a hill, where they said, the highest point drew lightning out of the sky. Up at the top was a huge boulder of iron ore.

This Discovery started the work of extracting iron ore from the Upper Peninsula. Men dug it out of the ground, hauled it in carts to Marquette, sailed it east to Sault Saint Marie, unloaded it, hauled it around the rapids to Lake Huron, and sailed it down the lakes to iron furnaces in Lower Michigan, Ohio, and Pennsylvania. Such was the beginning of iron mining around Lake Superior, iron mining that fed what was to become the largest steel making country on the planet,

that built railroads, skyscrapers, and navies and that was key in winning two world wars. These early Michiganders were undaunted.

When they grew tired of hauling iron ore around the rapids at Sault Saint Marie, they dug a canal and lock system. It was so big and so good that for many years more tonnage passed through it in *seven* months than through the Panama Canal and the Suez Canal *combined* in 12 months. These people did not think small. They thought big. The ore boats that typically traverse the locks at Sault Saint Marie are longer and wider than the *Titanic* was. And you want to talk efficiency? –a modern 1,000-foot iron ore boat has a crew of about 30 compared to cruise ships that have crews close to a thousand. but, of course, a lot of the crew on those ships are working with people, which can be a tougher cargo than iron ore.

The Upper Peninsula mining industry began with pick axes and wheelbarrows. There were no railroads to roll the ores efficiently to the lakeshore. There were no wharves. Men built railroads and wharves. They dug the canals and locks. Mining in the Upper Peninsula began very small, but it grew to be very large.

Credit unions also began small. In many instances with a coffee can and just a handful of persons around a lunch table, putting up five, ten or twenty dollars. But were these small new type of financial institutions going to change the world?

It didn't seem like it then. But today, Credit unions hold nearly one trillion dollars in deposits and are close to overtaking savings & loans by becoming the second largest sector of financial services in the United States.

This is an astonishing achievement. But, of course, achievement and work are in American blood; rooted deep within our DNA.

Just think, one trillion dollars, AND 92 million Americans, about one-third of the nation's population. Little beginnings but very big results. Huge books written about the Great Depression in the United States do not even mention the Federal Credit Union Act; it's as if the Federal Credit Union Act never happened. I guess not many people thought that a law allowing cooperative savings among factory workers or teachers or the like would become the largest cooperative effort in the United States, that very likely has helped more Americans gain higher standards of living than even the much celebrated G. I. Bill of the 1940s.

Don't think small. Pretend that today is *your* 1934, *your* beginning, that today is *your* day of passing around the coffee can, that today is *your* day of taking the first wheelbarrow of iron ore down to the shore at Marquette. And dream where you want to be, where you could be. You would have to dream big to make the same kind of leap that early iron ore and credit union people did. But you can do it. Americans are workers. They are problem-solvers. The Michigan credit union people are workers and problem solvers. And you are fortunate indeed in that unlike some who started early credit unions or the early iron ore industry, you have a network in place, as your conference theme attests. You can work cooperatively, exchanging information and practices that help you grow.

The credit union industry has come through a difficult time. Right now ordinary Americans are seeing the pocket-book advantages of credit unions and opening accounts in record numbers. The credit union business-model makes sense to more and more people every day. People are seeing the advantage of an organization whose board of directors is pledged to work not for a profit but solely for the benefit of the persons who join.

This is an exciting time. You can take the reins of a movement that is poised on the cusp of greatness, of great expansion, of new popularity. Can credit unions change and continue to grow and improve? I think they can. We are not a mature industry; we are a dynamic and developing industry. You can take the reins. I believe every household in America should have and can have a credit union account. What household would not benefit from credit union services? You need to set that as something to aim for.

And then one account can become five, and five accounts can lead to mortgages, auto loans, small business loans, all serving to help those families keep more of their hard-earned pay than they could by using alternative financial services. The United States can become a credit union nation.

You need to avoid dwelling on the problems that might be in your way. I recall a quote I once saw on a church message sign. It read: "Obstacles are the frightful things you see when you take your eye off the goal." You must keep your eye on the goal. Don't look back; look forward. Seize the moment and keep it going. The nation is with credit unions so you must keep this momentum alive as we move forward.

At NCUA we continue to meet the challenges we face head on. Our corporates have come through a period of great trial and constraint. As a result of credit unions deciding the future of corporates, they are stronger and safer Today and in a better position to provide the services credit unions want and need.

We at NCUA continue to pursue those that contributed to the corporate crisis and have reduced the corporate debt with underwriter settlements totaling over 170 million dollars with more to follow. NCUA is the only federal regulator to aggressively pursue such action and achieve those results.

We continue to revise regulations and make an effort to reduce the regulatory burden as recently shown with the modifications to reg flex and troubled debt restructuring. In order to address credit union concerns and make them right, we have postponed action on the CUSO and loan participation regulations. They will be moved forward only after taking into consideration industry comments and suggestions on how best they should be worded.

Our staff continues to evolve with outside hires to bring fresh eyes and new ideas and approaches as to how we regulate and insure the safety and soundness of the credit union industry and the share insurance fund.

And on July first of this year, we put in place the new National Supervision Policy Manual which will insure fair and consistent exams for all credit unions across the entire country.

Here in Michigan you must keep working to make the credit union system stronger. We have come through a rough period, but we are emerging stronger than before. No one will ever convince me that Michigan men and women are not exceptional workers. Philo Everett walked and paddled from Jackson to Lake Superior for countless days to help start the great iron ore industry.

In 1941 Michigan workers took farm fields outside of Detroit and within eight months produced the first of eight thousand B-24 bombers at the Willow Run plant. Workers there produced one B-24 every 63 minutes; pilots met the planes at the gigantic door to taxi them to the runway and fly them off. That is the determination, hard work and dedication of the people of Michigan.

If you put your mind to it, there is really nothing you cannot do. Together, The Michigan League and Michigan credit unions can work harder than ever to lower the cost of mortgages and other financial services to Michigan families. You can work harder to raise the returns on savings products. You can look for ways to hire Michigan residents. You can extend credit to sound Michigan businesses so that those businesses can hire Michigan residents. You can reach out to underserved areas and to troubled neighborhoods to bring reasonably priced financial services to families that need them most.

My message remains the same, if you believe that America rose to its great level of achievement because of people helping people, show it by being the preeminent people helping people organizations in the nation. If you believe that America can employ all of its people who want to work, then lead the way by helping businesses and building communities.

Do not let this Opportunity slip away. We have come through a very rough financial period but we showed the country that credit unions remained true to their principles – they kept on lending, kept on helping their members and one another, and did not cost the American taxpayers a single dollar.

Take this opportunity to boost credit union participation and good works to an even higher level.

I urge each of you to do your part, as members of the premier financial services movement in the country, to use the credit union philosophy to bring America home to its tried and tested values of work, achievement and helping others.

Thank you for listening. Thank you for inviting me here to this beautiful area. May God Bless the great state of Michigan and May God Bless the United States of America.