



**Embargoed Until Delivery
Monday, February 22, 2016**

Remarks of Debbie Matz
Board Chairman
National Credit Union Administration

Credit Union National Association's
2016 Governmental Affairs Conference
Washington, D.C.



Prepared Remarks

Thank you, Paul. It's good to be back here for my eleventh GAC speech.

During my two terms at NCUA, I've served for more than ten years. For every day of those ten years, it's been an honor to come to work to fulfill NCUA's mission: protecting the savings of credit union members, and the safety and soundness of the credit union system.

Thinking back on my first days on the job as Chairman, it's amazing how far we've come. Back then, we were working around the clock to prevent the collapse of the credit union system. While you might not know this, the outcome was really in doubt.

During that pivotal summer of 2009, I asked NCUA staff to compile a list of credit unions rated CAMEL 4 and 5. When I saw the list, I couldn't believe my eyes. Hundreds and hundreds of credit unions were teetering on the brink of failure—and 14 of those credit unions had assets over a billion dollars.

Just like you worked hard to get your credit union through the crisis, at NCUA, we also worked nights and weekends. We put new safeguards, policies and procedures in place to stop the hemorrhaging and prevent the credit union system from failing.

Ultimately, we succeeded. Specifically, we:

- Stabilized the system;
- Resolved \$50 billion of toxic assets;
- Reduced the number of troubled, billion-dollar credit unions from 14 to zero;
- Modernized the regulatory framework to keep up with credit unions' growing size and complexity; and
- Strengthened the Share Insurance Fund.

In addition, we were the first financial institutions regulator to sue the Wall Street firms that caused the financial crisis. So far, we've recovered more than \$2 billion for you. And we're not done yet.

A couple of weeks ago, my husband Marshall and I went to see the movie, *The Big Short*. The movie retold the story of how Wall Street caused the financial crisis, and how the economy melted down. It brought back haunting memories of what we lived through. As well as the movie told the story of corporate greed and shattered lives, you and I can agree, we definitely don't want a real-life sequel.

To avoid that, NCUA must ensure that our regulations are modern, cost-effective and balanced. Our rules should be designed to protect credit union members, while making it easier for you to serve those members. Once we built this new, modern regulatory framework and put the crisis behind us, we were finally able to shift our focus. A top priority became making it easier for you to do business.

“Easier to do business,” is not only about regulatory relief. It’s also about something even larger. It’s about the culture at NCUA. We needed to change our culture, to reset the default switch to “yes.” Too often in the past, that default switch was set to “no.” But, that changed.

You may remember when I stood on this stage last year, I committed to you that 2015 would be the “Year of Regulatory Relief,” and it was. Wherever possible, we moved the regulatory default switch to yes to make it easier for you to do business.

You asked us to remove the fixed-assets limit. So, yes, we did. You asked us to remove member-business lending limits not required by law. So, yes, we did. You asked us to expand the definition of a “small credit union.” So, yes, we did. Now, three out of every four credit unions can qualify for regulatory relief in any future NCUA rulemaking.

If your credit union meets the criteria for a low-income designation, now all you have to do is say yes. By flipping that regulatory switch to yes, we’ve doubled the number of low-income credit unions over the past four years.

And, incidentally, by earning a low-income designation, nearly half of all federally chartered credit unions are now exempt from the statutory member-business lending cap.

Those are just some areas where we reset the default switch to yes, and made it easier for you to serve your members. Whether it’s your local small business owner who has a great idea, but needs a loan to grow the business and create jobs; the working mom who needs a car to get to her job; the young couple trying to buy their first home; or the aspiring student looking to further his or her education, your work changes your members’ lives.

And I want you to know: We’re going to keep making it easier for you to serve your members. Later this year, we’ll modernize our field-of-membership rule for federal credit unions. This will provide greater flexibility to serve Americans from all walks of life who need affordable financial services.

I’m also pleased to share with you a new opportunity. NCUA recently signed an agreement with the U.S. Treasury that will give hundreds more credit unions access to the Community Development Financial Institutions Fund. Some of you may know it as the CDFI Fund.

This program provides multi-million-dollar grants to institutions serving economically distressed communities. We're striving to double the number of credit union participants, by cutting red tape in the application process.

And, by the way, all CDFI credit unions are exempt from the member-business lending cap, to encourage investment in those communities.

We will keep making it easier for you to do business. Let me assure you: NCUA will keep listening and making responsible changes that will benefit you.

For each of us to do our jobs in the future, we must all stay ahead of the curve. We all need to understand how technology is influencing the delivery of financial services, and how our nation's demographics are changing. As CEOs, managers, and volunteers hoping to lead your credit union into the future, you will need to address these critical, forward-looking issues.

People under age 35, better known as millennials, now outnumber baby boomers. Over time, millennials will inherit \$30 trillion from their baby boomer parents—the greatest transfer of wealth in the history of the world.

How are you planning to capture that millennial market? How will your credit union target marketing to younger consumers, who will become your future borrowers? What changes will you need to make in your credit union's approach to member services? Who will advise you on these decisions?

How Will You Serve Millennials?



Look around. Can any of us here, over age 40, really make informed decisions about how to communicate with and serve millennials?

And in an age of ever-increasing cyber-threats, how will you keep your valuable member data safe?

In my view, addressing these two issues—making millennials into members and adopting strong cybersecurity—will determine the future of your credit union.

It's an enormously important future. Not just for you and your members, but for our entire country. Because the credit union values you promote—cooperation, community, entrepreneurship and “people helping people”—really are America's values.

Celebrating U.S. Citizens



I had the honor to serve as keynote speaker at a Naturalization Ceremony for 440 new U.S. Citizens from 78 countries.



The Power of Service



In the course of my duties, last year I accepted a unique invitation to address several hundred men, women and children from 78 countries who were becoming U.S. citizens. All of them were becoming Americans by choice.

As I shook hands and talked with each and every one of them, it became clear how much they had left behind to come to this country—language, community, even family—and how thrilled they were to become part of this great nation, seeking greater opportunities and better lives.

My Immigrant Grandparents ...



... made the long, hard journey — from Russia to Ellis Island.

The Power of Service



In their faces, I saw the faces of my own grandparents who had made a long and hard journey from Russia to Ellis Island. Like millions of others, they made a huge leap of faith. And this country became their home. Not just the place where they lived and worked, but a place where they were able to practice their faith, put down roots, find opportunity and serve, as my father served in World War II, and later in government.

My Parents: First-Generation Americans



My father served as an Army officer in World War II, then served as a civilian in the federal government.

The Power of Service



Serve, it's such a simple word. But, it means so much. It's an opportunity to make a difference in people's lives and improve the world. At its best, that's what public service should be about: making a difference in people's lives. That's certainly what it's always been about for me. I also believe that's what credit union service is about.

When you help a young couple with a home loan, it's not just a roof over their heads; it's the center of their family universe. It's the neighborhood where they'll raise their children. When you help a member start a promising new business, you're not just providing capital. You're becoming partners in

a vision. You're making a down payment on a dream. When you tell members that their life savings are federally insured, that's not just financial service. It's peace of mind. It's knowing that nobody can take away what they've earned.

Second Federal Credit Union



Second Federal Savings Bank reopened as a division of Self-Help Credit Union — restoring essential financial services to a vibrant Hispanic community.

The Power of Service

The Finest Federal Credit Union



NCUA chartered The Finest Federal Credit Union to serve New York's community of first responders.

The Power of Service

Serving Those Who Serve Us



The new credit union provides first responders with specialized loan products for their safety gear, and line-of-duty insurance they need to protect and serve.

The Power of Service

I've met with credit union volunteers and officials from every state. I've crisscrossed this country traveling to areas that are urban and rural, wealthy and impoverished, booming and busting. Everywhere, people have a common desire to improve their lives and build stronger communities. Credit unions make this possible.

On the South Side of Chicago, I had an opportunity to visit Second Federal Credit Union. For more than a century, Second Federal was a savings bank serving its neighborhood, which today is largely Hispanic. But, one thing the bank was not was "too big to fail."

While big banks got bailed out, Second Federal did not. When it failed, some wondered, what would happen to the people whose mortgages were underwater? What about the people Second Federal Savings Bank served as a lifeline—the people living paycheck to paycheck?

Thanks to a group of dedicated credit union officials, and NCUA staff, Second Federal was able to reopen as a division of Self-Help Credit Union, restoring essential financial services to this vibrant community.

When I visited, what I saw was not just a credit union providing financial services, but the hub of the neighborhood. A place where people, young and old, were coming to meet and do business. It's a shining example of how credit unions serve their communities.

As we know, communities are not always defined by geography. Just last May, I had the honor of

participating in the grand opening of The Finest Federal Credit Union, which proudly serves New York's community of first responders. Their new credit union is providing them with specialized loan products for their safety gear, and the line-of-duty insurance they need to protect and serve. The Finest Federal Credit Union recognizes these unique needs and serves those who serve us.

President Theodore Roosevelt:



“Far and away the best prize that life offers is the chance to work hard at work worth doing.”

The Power of Service



Now, some people may question whether, in the future, credit unions will matter and remain relevant. Stories like Second Federal and The Finest Federal Credit Union demonstrate how much credit unions do matter. If you transform your credit union to serve the next generation, if you meet them where they are and serve their unique needs, then your credit union will still matter. I know that every day, with the members you help and in the communities you serve, you make a difference in people’s lives.

Before I leave you today, I’d like to share a quote from Teddy Roosevelt’s famous “Square Deal” speech in 1903. President Roosevelt said, “Far and away the best prize that life offers is the chance to work hard at work worth doing.”

Strengthening the credit union system, that’s work worth doing. Serving communities that are too often overlooked or underserved, that’s work worth doing. Serving your members, that’s very much work worth doing.

I’ve been very proud to serve alongside you. And I’m hopeful that all of you will continue to do great work, worth doing.

Thank you.