



**Embargoed Until Delivery
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Remarks of J. Mark McWatters
Board Member
National Credit Union Administration

Global Women's Leadership Network Breakfast
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Prepared Remarks

Good morning. Thank you for the kind introduction. I am delighted to be here and to share some thoughts with you on issues that are very significant to all of us—the involvement of women in credit unions now and into the future.

This annual breakfast provides an important focal point for the Global Women’s Leadership Network. Your 28 Sister Sororities in 11 countries is inspirational. I understand your grant program is more vibrant than ever and that dues to your organization go to support grants and other efforts to help women in a wide array of countries.

As I look around this room, it is very encouraging to see the growing ranks of women who are making outstanding contributions to the work of the credit union community. And I do not want to overlook the men who are here today showing their ongoing support for expanded opportunities for women to have access to credit union services and executive and board positions. Fortunately, there are many resources available to help credit unions that wish to expand their services and benefits to include more women and persons of color. These include materials from the NCUA, the Filene Research Institute and others.

I would like to highlight three issues this morning concerning the role of credit unions in supporting women and persons of color through:

- Access to financial services at credit unions,
- Employment opportunities at credit unions, and
- Board membership opportunities at credit unions.

Although some women have access to financial services, this certainly has not always been the case. In fact, access to financial services, including credit, remains out of reach for many women around the globe.

By some estimates, approximately 70 percent of women worldwide have financial services needs that are unmet or underserved. Yet, women make about 64 percent of household spending decisions that routinely go for children, food, health and education. According to a 2012 World Development Report on Gender Equality and Development, the reasons that contribute to the inadequacy of financial services worldwide for women are complex and vary based on the country.

Specifically, women often lose access to financial services because they have insufficient collateral, they live too far from financial services providers, they cannot utilize digital or other

payments services, or they are restricted in travel or from obtaining services by their families or cultures.

In this country, for example, there are several ways that credit unions may help women meet their financial services needs, including providing financial literacy programs, facilitating access to credit for personal and business purposes, and providing competitive savings programs.

Last week the NCUA Board approved a new rule that will enable more member business lending, including—of course—for women and persons of color. While women who own and operate small businesses are not the only target of the rule, they can be among those who will benefit as the final rule eliminates regulatory requirements regarding loan-to-value ratios, obtaining the personal guarantee of the borrower, unsecured loan limits and other restrictions, without presenting a safety and soundness threat to the National Credit Union Share Insurance Fund.

While at the board meeting, I raised issues about the impact of our rule on the ability of state regulators to develop their own similar regulations, and on the agency's processing of the rule, so as to document for the record the rule's compliance with the Federal Credit Union Act. I fully agree with expanding member business lending capabilities for well-run credit unions that can manage the risks associated with business lending. Any change to the MBL statutory cap, however, will require an act of Congress and is outside the authority of the NCUA.

However, I will remain vigilant to credit union concerns after the MBL rule modifications take effect should examiners inappropriately substitute their judgment for that of credit unions in evaluating the risks associated with a credit union's MBL activity.

I also think the agency's pending field-of-membership proposal could potentially increase a federal credit union's reach to include more underserved areas, for example in rural communities. Obtaining or operating with a low-income designation from the NCUA allows a credit union to avoid MBL restrictions and have access to secondary capital, which may have an important impact on a credit union's ability to serve women and others who need credit union services while helping to lessen the impact of income inequality. That said, any changes to the agency's field-of-membership rule must comply with the Federal Credit Union Act, an issue I am actively investigating.

Credit unions looking to expand their markets for women have many options. They can consider identifying and reaching out to women and minority-owned small businesses in their service area. They can offer financial literacy education where the most successful programs are tailored specifically to resonate with women. Further, as you know, designation as a Community Development Financial Institution by the U.S. Treasury Department may also facilitate a credit union's ability to serve women.

Credit unions often work with community-based organizations that help them identify, understand, and focus on women-owned businesses and what their needs are for services, including for deposit and support services as well as for loans. In addition, they can and are directing social media and other marketing programs, as well as mobile access to services, directly to women.

One thing that will definitely impede the ability of any credit union to serve women is more needless regulation. That is why I continue to investigate how to make it easier for credit unions to operate and serve their communities while ensuring the safety and soundness of the Share Insurance Fund. I would also very much welcome suggestions from you as to further changes your credit union needs so you can do more to provide services to women and others who may be underserved in your membership.

I think the prospects for women to organize and operate businesses remain bright and that we will see this segment of the economy experience meaningful growth into the near future. Credit unions are a great fit to serve the financial services needs of women and women owned and operated business and my goal is to help ensure that the NCUA does not impede credit union efforts to serve as their financial institution of choice by enacting more unnecessary rules and intrusive examination procedures.

Another outreach effort that is a great fit between credit unions and women is in the area of employment. A 2014 study that the Global Women’s Leadership Network and the Filene Research Institute issued entitled, “[Women in Leadership: Obstacles and Opportunities](#),” looked at workforce issues women face, including at credit unions. The report considered the social equality connection between women and credit unions and noted:

...women who want to earn more, do more, and take leading roles at organizations are held back due to various personal, professional, and cultural barriers.

The study further highlighted:

- “Credit unions in the United States have a higher percentage of female CEOs than other institutions;”
- Yet, not surprising to many of you, “most women leaders serve at credit unions smaller than \$50 million” in assets;
- “In the \$100M-\$500M tier, about one out of five CEOs is a woman”; and
- “Outside of North America, male CEOs predominate, even in smaller credit unions.”

There is no question that at many credit unions women are making great strides and are encouraged to lead and contribute to the credit union’s success to their full capacity. Yet workforce diversity, including opportunities for leadership and advancement, remains an

important issue for our society and economy, as well as for the individuals who seek to advance, contribute more, and lead.

I know there was some anxiety within the credit union system when the Dodd-Frank Act included a requirement that the federal financial regulators, including the NCUA, establish an Office of Minority and Women Inclusion. I fully and enthusiastically support the agency's OMWI program. The Office does assess employment policies and practices at the NCUA, including our own efforts to hire and promote women and persons of color. However, there is no requirement that credit unions take on any new compliance duties to assess diversity within their workforce.

Rather, the NCUA and the other agencies were directed to develop guidelines that banks and credit unions, especially those with 100 or more employees, could use on a voluntary basis to review their diversity policy and practices. About 619 credit unions (as of June 2015) had 100 or more employees, which represent 68 percent of all employees in federally insured credit unions. Over 60 percent of those credit unions are required to report on employment diversity with the Equal Employment Commission.

The NCUA has no authority to examine credit unions based on the guidelines. While we all know that what gets measured, often gets done, I agree that—at this time—no exams on this matter and voluntary assessments are preferable to any new requirements, particularly given the level of regulatory burden credit unions already face. I would welcome your views on this issue and appreciate that providing women and persons of color with opportunities for employment and advancement is fully consistent with credit unions' principles and purpose of helping people to help themselves.

Under the guidelines, which are available on our website, the NCUA has provided a self-assessment checklist along with the policy statement that describes some best practices for advancing diversity. It addresses third-party contracting services as well, since women and minorities are often overlooked in that process. For credit unions that participate in the self-assessment, the NCUA will aggregate that data, but the agency will not identify individual credit unions without their written consent. The agency will share the collective data with Congress each year in the NCUA's annual report from our OMWI office. State regulators are not involved in the data collection process or the NCUA's review of the assessments.

While no credit union is required to use or follow the guidelines, or perform the self-assessment, such a process could offer meaningful assistance to credit unions, those who work there, or seek to work there. Also, having a workforce that reflects a credit union's community can help to reinforce the credit union's connection with those it serves.

A third area I want to mention is ensuring that women and persons of color are represented on credit union boards. I appreciate that some credit unions have experienced challenges in

recruiting qualified candidates to serve on their boards. Yet, in order for credit unions to remain in touch with their members and true to their mission of service, representation from women and persons of color is of fundamental significance. I encourage the community to address this issue in an aggressive manner and seek to invite more women and persons of color into the boardroom. It's the right thing to do and it is long overdue.

Visiting credit unions throughout the country and discussing regulatory issues with credit union CEOs, staff and board members, has reinforced that the credit union community must contend with many vexing challenges today, particularly in the area of regulatory burden. With targeted regulation and a reasonably strong economy, I remain optimistic that credit unions will continue to grow and prosper.

Women are already an important force within the credit union system. With enhanced opportunities for access to financial services and professional advancement, the potential for women to make the credit union system even more vibrant are virtually unlimited.

I have touched on three important connections between credit unions and women—as members, as employees, and as board members. Other relationships no doubt exist, and I would enjoy learning your views on that as well.

Thank you again for including me in your breakfast today. I wish you all the best in your efforts to help women around the world to live long and prosper within and outside the credit union community.