

**REMARKS OF THE HONORABLE CHRISTIANE GIGI HYLAND
TO THE
NAFCU 42nd ANNUAL CONFERENCE AND EXHIBITION
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Last year, you may remember that I told you about an e-mail that I received that proclaimed, “The world is a mess” and then asked the recipient to agree or disagree. I think we can all agree that since July of last year, the world did in fact get a lot messier.

Since we last spoke, the financial system went into a fast tailspin. NCUA took several actions to stabilize corporate credit unions and assure liquidity for the credit union system. The agency established a Temporary Corporate Credit Union Liquidity Guarantee Program as well as a Temporary Corporate Credit Union Share Guarantee Program. We infused U.S. Central with a \$1 billion capital note and then ultimately conserved both U.S. Central and WesCorp. We are in the midst of writing proposed changes to the corporate rule based in part on the 500+ comments you submitted. You will have another chance to provide important feedback on the proposal so that safety and soundness considerations for the corporate system can be balanced with operational efficiencies and responsiveness to your needs as credit unions. And last, but not least, we received new legislative authority to establish a Corporate Credit Union Stabilization Fund to defer the costs of stabilization over a seven year period.

Larger changes to the federal financial regulatory system are also underway. As you know, President Obama has proposed a new foundation for federal financial regulators including a new agency, the Consumer Financial Protection Agency.

Your theme this year is “Capitol-ize on a Century of Success.” In the face of all of this shifting within the financial services marketplace, “capitol-izing” on success at your credit union does not mean business as usual. Rather, credit unions need to continuously look to the future and focus on your unique ability to serve your members. To that end, about a month ago, I hosted a Symposium here in D.C.

My main objectives for the Symposium were to celebrate credit unions’ unique business model, to honor the 75th anniversary of the Federal Credit Union Act, and, most importantly, to provide a forum for conversation about credit unions’ future sustainability. Sustainability, collaboration and change were the resounding themes of the Symposium. It was my not-so-subtle way of issuing a wake-up call – a call to all who espouse or claim to espouse their belief in the system of cooperative finance we know as

the credit union movement. Judging by comments from attendees and participants, I think that goal was achieved for that day and a half.

But spending a day and a half talking about the future obviously isn't enough. And it was clear that there are many, including me, who are convinced that the current system is not functioning at its peak and is in much need of repair. Specifically, I find it increasingly difficult to convincingly enunciate that there is still a credit union movement, or even a credit union system, as we once understood it to be. I am faced with the stark reality that the cooperative spirit that was the hallmark of credit unions is no longer the norm, but rather the "system" is a series of free agents that focus on their individual well-being and bottom line. I see that many of the same patterns that exist in the for-profit world have made their way into the credit union world. Some credit unions grow for the sake of growth alone. Too many have become addicted to fee income at the expense of their members -- fee income on products and services such as courtesy pay that credit unions justify and rationalize by saying, "But, our members want these services." The social mission set forth in federal credit unions' enabling statute has almost been forgotten. Serving people of modest means strikes fear into too many credit union managers and boards' hearts because they are afraid of allowing "those people" in their lobbies. "Those people" are often already their members and their employees.

The ability to capitol-ize on the century of success and shape credit unions' future is still squarely in your hands. Almost every speaker at the Symposium called for a return to cooperation and an increase in collaboration as the way to revitalize the system. Our Symposium luncheon speaker, John Hope Bryant, urged attendees and credit unions to recognize that this time, this crisis is a national "reset"—it's an event so profound that it mandates a change in priorities and approaches that will engage those in the most need of help, whether they be low-income or lacking in financial awareness and empowerment.

The term is a popular one these days. Two weeks ago, during his trip to Russia, President Obama used it – "reset" – vis-à-vis relations between the US and Russia. What he said seems to hold a similar message for us: "This must be more than a fresh start...It must be a sustained effort...to identify mutual interests and to expand dialogue and cooperation...It won't be easy."

So how does this increasingly fragmented group we still call the credit union system "reset" and "capitol-ize" on success? I believe the tools are already at hand. Here's my bucket list:

- Credit unions must strive to bring greater diversity to their leadership. Credit unions' management, board and staff should be as diverse as their membership. The cornerstone of credit union sustainability is having someone to inherit the business model. If my generation or the ones behind me don't know or care about credit unions, the lifespan of this system will be markedly shorter.
- Being an elected director is a privilege, not a right. You need to find ways and make opportunities, and room, for other members to volunteer, so the board is as diverse as the credit union's members in skin color, gender and/or age.
- Educate, educate, educate. If members can't learn the basics of a checking account, a credit card account, etc., from your credit unions, it's pretty likely they won't be empowered financially anywhere else.
- Collaborate. Pool resources cooperatively. Continue to enhance your value as credit unions to your members.

Each of you in your own right has so much to be proud of. You work very hard in your individual credit unions to be there for your members. But, you need to continue to strive towards the future. In these daunting times, take time to pause, look at your heritage and glean the nuggets you can use to reset the credit union movement so that it will be an even greater force for consumers and small businesses. A total return to the past is neither possible nor desirable; however, combining past wisdom with increased collaboration can help propel credit unions into a vibrant and sustainable future. My hope is that you, as credit union leaders, will agree that changes need to be made and that you will answer the call by providing the kind of leadership only you are capable of and work together to shape credit unions' future.

Thank you for listening.