



For Details, Contact:
External Affairs
email: pacamail@ncua.gov
Fax: (703) 518-6409

National Credit Union
Administration
1775 Duke Street
Alexandria, VA 22314-3428
Phone: (703) 518-6330
Web Address: <http://www.ncua.gov/>

Media Advisory

FOR IMMEDIATE RELEASE

Chairman Johnson Testifies on Credit Union Regulatory Improvements

March 6, 2008, Alexandria, Va - National Credit Union Administration Chairman JoAnn Johnson testified before the U.S. House Financial Services Committee hearing on "The Need for Credit Union Regulatory Relief." The hearing provided a comprehensive examination of needed regulatory relief for credit unions, including a review of current legislative proposals and industry issues.

"The legislation being discussed today gives Congress an opportunity to modernize important aspects of the Federal Credit Union Act, granting greater flexibility to credit unions serving consumers and strengthening NCUA's ability to maximize the safe and sound operation of federally chartered credit unions," Johnson said.

Chairman Johnson highlighted two paramount issues: prompt corrective action (PCA) reform and extending credit union service to consumers in underserved areas. She explained the need and detailed the advantages of a fully risk-based PCA system, as proposed in H.R. 1537 and similar to an NCUA proposal issued in 2007.

A new risk-based system would promote more active management of risk by credit unions in relation to their capital levels. The proposed system would be robust and durable and would promote a regulatory regime that more accurately portrays credit union activities according to the risk they carry. Proposed changes would:

- Promote more active management of risk by credit unions in relation to capital levels;
- Enable credit unions to better relate their capital to risk assessment;
- Strengthen NCUA oversight by adding tools to identify each credit union's risk profile based on their activities

"We believe a risk-based system means consumers would have more dollars available from their credit unions to save, invest, and put to productive use, all in a safe and closely monitored environment," said Johnson.

Chairman Johnson noted proposed H.R. 5519 legislation would establish new

standards when credit unions adopt underserved areas.

“We believe the Federal Credit Union Act should be updated to help all types of credit unions improve their outreach, particularly at a time when so many Americans have turned to predatory lenders and are suffering the unfortunate consequences,” added Chairman Johnson.

Noting the importance of strong and active NCUA supervision, Chairman Johnson stressed the agency’s significant attention to guidance for credit unions in all types of lending, including member business lending. Regardless of any statutory limits on member business loans, NCUA continues to be aggressive in supervising these lending activities.

“The NCUA believes modernization being debated by this committee represents positive improvements to its ability to regulate and supervise credit unions, and we look forward to working with Congress to seek ways to improve the delivery of financial services to credit union members as well as supporting reasonable methods to determine if credit unions are serving their members in underserved areas,” stated Johnson.

Chairman Johnson’s testimony is available online at: [click here](#).

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 86 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not federal tax dollars.

-NCUA-