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Transcription: Industry Leader Panel: Collaboration and Care Differentiates Our Movement

Speakers:

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Bob Trunzo:

Thank you all for being here today. Well, I don't think anybody could have predicted the environment we're all operating in right now. That's probably the understatement of the century. A global pandemic, a social uprising, dealing with our credit union members differently than we've ever had before, dealing with our credit unions in a much different fashion. Today, this dialogue is going to take us in a number of different areas. I want to talk a little bit about with all of you, actions that you did as leaders, your actions on how you took care of your organizations, how you interacted with the credit union industry, how you interacted with members.

I want to talk about some lessons we've all learned in this process. Most of all, let's talk about the industry in the eye to the future. Delighted to have Director Hood, Dan Berger, Lucy Ito and Jim Nussle with me today. Well, let's talk a little bit about the environment we're operating in, what we all learned. I'm going to ask you to turn back the calendar to March and give me your views on just exactly what happened in your organization, and what you did. Let me kick that off with Lucy. Lucy, welcome.

Lucy Ito:

Hello there, Bob and everyone else. Wow. March feels like so long ago, and in our case at NASCUS, actually, we were about to hold to a state regulator meeting in New Orleans. It was supposed to be March 17th. We canceled it about five days ... I guess it was about a week before. The world stopped. Fast forward to today with everything else that has happened, just incredible, and as all of us experience switching to a teleworking mode almost overnight, just an incredible time all over the country.

Dan Berger:

Yeah, very similar experience. It was about the beginning of March that we recognized we had a major problem, but what we did several years ago, we invested heavily in technology. We turned the switch and really went 100% remote. The NAFCU board gave us permission to invest heavily on this. It wasn't for pandemics per se, it was actually for weather related situations. When I first became CEO, I remember a snowstorm, we had four or five feet of snow and it was very disruptive to NAFCU, so we can't let that happen again.

Everybody has the laptops and the cameras, and everything. We're still 100% remote. We have a couple folks that come in and out on occasion, including myself, but we went straight to remote. We also, like Lucy, canceled several of our conferences and switched them to virtual. We foresee that probably continuing through the end of 2020, but I'm very proud of my team. They've switched on a dime, and from a member facing standpoint, it was business as usual.

Rodney Hood:

March does, in my opinion, seem like something in the far distant memory and it was just a few months ago. Very pleased to report that the investments that we made in technology and infrastructure and cybersecurity are paying dividends. We've been able to hit a lot of our mission critical task as we all work remotely. You've all seen us devote resources to COVID-19 around encouraging the credit unions to work with their member owners around debt restructurings, working around small dollar lending.

The workflow continues, but most importantly, giving our employees that opportunity to do so from the safety of their homes. Again, it's been a hard task for us, but again, we are getting everything done because when I look at my role as chairman of NCUA, a lot of that is keeping those 120 million members of credit unions with safety in their credit units and having access to their accounts when they need them most.

Bob Trunzo:

Jim, welcome.

Jim Nussle:

Hey, thank you, Bob. Again, thank you to you and CUNA Mutual. Back in March, we were coming off the most successful GAC that we've ever had. We had almost 6000 people in Washington DC advocating on behalf of credit unions, and we turned that attention very quickly to advocacy during this crisis. There's no question that we were prepared for this in the way that many have already stated. We already work remote. Much of our strategies is remote as we work together with our partner leagues across the country, and so we already communicate remotely, work together remotely, advocate in a very remote setting, and nationally and as well as at the state level. We sprung into action to ensure that we created the first response page for COVID-19, so the credit unions had a one stop shop place for all CUNA league activities, as well as just information.

People were thirsty for information, what was going on, what were best practices, etc. We also turned our attention to the advocacy that was necessary in the crisis. There was a first stimulus package and a number of issues that we worked on, everything from PPP to get into an MDL exemption, things like that, that were important initially in order to deal, not only with the health crisis, but the economic crisis that was facing consumers, and small businesses, and communities across the country. Then we also made sure that solutions were flowing because people needed to do things differently, everything from online events, to online networking through our CUNA counsels. We launched, during that very period of time, a national compliance platform, which is state of the art and which has provided a lot of good information to credit unions at this time.

Bob Trunzo:

Like all organizations you practice these drills, right? I mean, you have these disaster recovery drills. I can recall a couple years ago doing a major exercise at CUNA Mutual, and the exercise was really around cyber. All of a sudden, halfway through the exercise. Someone comes in and says, "My gosh, our workforce is getting sick. Something's going to happen. There's a virus. There's an illness." We all push back from the table and we said, "Oh come on. This exercise is getting absolutely ridiculous, right?"

Well, here we are. I think you practice and you try to figure out what to do, and all of a sudden, like all of us, boom, you're remote. It was pretty bleak and pretty dark, and no one knew what was going to happen in March. We were really clear with our employees, "Get somewhere safe. Take care of your families. Take a deep breath. You're going to have a job. Figure out where you are, and then let's talk about taking care of our customers."

Lucy Ito:

Yeah. I was surprised in the beginning, the immediate stress on staff, the fear of job loss, and like you Bob just assured everyone, take care of yourself, take care of your family, and we're going to figure this out.

Dan Berger:

Yeah, anxiety was high for staff. You're exactly right, Lucy. We experienced the same thing, to the point that we did a survey of staff, and how do you feel? How comfortable are you coming back? What timeframe are you looking at? One of the biggest things is we have a lot of young families, as part of NAFCU's family, and daycare is non-existent. Schools are going to be remote until the beginning of the year, or until 2021. All that's being taken in consideration as well.

That's what we told staff, too, is that take care of your families. Take care of yourself, but we, just like Jim said, we had our FAQ's out there helping folks around, answering the compliance questions, but our focus was the safety of our staff, because that's our most valuable asset. It's the same with credit unions, the same with CUNA Mutual Group. It's the same with the NCUA. Your staff is your most valuable asset, and so that was our entire focus today, is to take care of them, so they, in turn, can take care of NAFCU members.

Jim Nussle:

Well, our credit unions are doing this, too. I think you're exactly right. We've got to retrain our staff to understand how to operate in this remote work world. One of my favorite stories from a credit union is, NIH credit union, they gained a new member, a small business member during the whole PPP debacle that we don't probably even want to get into on this call, but a small business person changed from their community bank to NIH Credit Union as a result of the fact that they had gotten an email at 1:30 in the morning, from a credit union service representative, member service representative answering their question.

Now, the good news is that we got a new member, and that's great. I'm sure we celebrate that. The challenge, of course, is, what in the world were they doing up at 1:30 in the morning answering those questions? Well, we know, it's because we do things differently, and I recognize that, but we do have to figure out how to put new boundaries, new training, new ways to just operate in this environment, so that we don't burn people out, because we want to be there tomorrow, to be able to serve the next member that needs our help.

Rodney Hood:

I just wanted to tag on to that. As I mentioned, I do call CEOs each and every day, and I get insight from what they're doing. Jim, what you've just articulated is what I hear from some of the calls, when the PPP program, once some of the glitches were addressed, I heard from some of our smaller institutions, when SBA gave them the whole eight hour period where they could in turn, have the portal for themselves only. That is the story that I want to share with you all. I heard countless stories of CEOs and CFOs processing loans. Yes, that's right. The CEOs and CFOs of some of these credit unions saw such a value, that they

wanted to help their member owners have access to small business lending opportunities, that they worked 24-hour shifts leading up to that.

Now, I'm not advocating 24 hour shifts, but what I am advocating and just sharing for you all, is that there was this collegiality and this collaborative approach for saying, "Hey, we need to be there for our members when they need us most." That story, when I heard about all people who are able to process loans and do that, it was just a story that I was so proud of this industry that I get to regulate, that there was this 'we're all in it together mentality', and it goes back to people helping people.

Dan Berger:

Yeah, we had the same thing, same experience that Jim mentioned, the hiccups that the PPP program had. Our compliance team, our compliance attorneys were answering questions literally 16 hours a day, seven days a week for five, going on six weeks. Then there's kids in the background and everything else going on, but we had to get these FAQs out and dealing with everything with the SBA, and their credit unions were working overnight, like it was mentioned before, and so were we. They had questions and follow up questions, and yeah, it was all hands on-deck.

Bob Trunzo:

On one of the 6,000 Zoom calls I've been on over the course of the last six months Jim Nussle said something that really stuck with me. You'll remember, during this crisis, who treated you well, who stepped up to the plate, who helped, who was there. That's what credit unions are doing right now, and all over the country. I thought that was an incredible point.

Lucy Ito:

We all have mentioned earlier, all the stress and whatnot because of the pandemic. Then boom, George Floyd is killed. My staff was already ... everyone was working so hard. It was already intense, and then for that to happen. I come from a small organization. There are only 10 of us, but out of the 10 of us, six of us are of African American descent. That weekend, Memorial Day weekend, it broke us emotionally. Then it all led to our looking at ourselves at a staff level and a leadership level. The meeting that we convened earlier this week, it's called The Exchange, with the largest credit unions in the country, plus state regulators and diversity, equity and inclusion was on the agenda.

Actually, Chairman Hood joined us also in a separate conversation, including financial inclusion. What I heard from that group was, we are at this tipping point in the country of awareness, and for credit unions and for regulators, the key things are intentionality, really doing things are sustainable into the future on so, so many levels. We are not going to fix this overnight, but I am very encouraged by the credit union response at all parts of the system.

Rodney Hood:

Lucy, I couldn't agree with you more. George Floyd's murder really rocked, not only me personally, to the core, but it rocked our country, and I would dare say our world. For me, as the first man of color to oversee a banking regulatory agency, it, to me, meant I need to say something and do something. Before the George Floyd murder, I must say I would probably never have been so vocal about diversity, equity and inclusion in terms of some of the injustice that we've seen permeate society, but what made the George Floyd tragedy so horrific was that we all saw this egregious disregard for life play out, and before our very eyes.

That coupled with the COVID 19 pandemic, which actually revealed and amplified a lot of other inequities around health, and I would even say financial services, or lack thereof, in communities of color, which is what, for many of you all know, in this meeting today is that's what prompted me to write the op ed. in the Wall Street Journal, where I think that we as a nation need to come together for healing. I think a lot of healing can come about by calling on credit unions to be a part of the solution. I think that financial inclusion, as I've often said, is the civil rights issue of our generation.

I believe that the things credit unions are doing today around embracing diversity, equity and inclusion is one thing ... Lucy, I applaud NASCUS for the great leadership diversity you've mentioned that's there

within your organization. I know our colleagues at NCUA, through the Office of Minority women inclusion, we're working to make sure that as we work with credit unions, is to make sure that our diversity efforts aren't just a check the box exercise, but to your point, Lucy, there is intentionality. There's a strategic business imperative. We want you to look at diversity because, as we all know from the McKinsey Report from about a decade ago, diverse organizations outperform those organizations that don't have diversity.

There's a richness of viewpoints and opinions, so that's why I'm certainly wanting to work with credit unions to encourage credit unions to fill out their diversity survey that we're wanting them to fill out, not because we're wanting to micromanage, but we want to know, where are we today, and what tools and resources can we empower credit unions with for tomorrow, to really have credit union staffs and leaders who reflect the diversity that we want to have. I also want to applaud you, CUNA Mutual, because as I talk about credit unions and other institutions coming together, this is a solution that can't come about just with financial regulators and credit unions, but I think the private sector plays a role as well. You all as private sector participants at CUNA Mutual.

Bob, you were one of the first to come out and really talk about the tragedy of George Floyd's murder, and I appreciate the work that you've done, but it really now means that all of us can work together in partnership. One of the pledges I've made is to work with you all to see, how do we move the industry forward? Again, I think it's financial inclusion. It's through empowering those MDIs, those minority depositories to thrive, our low-income designated credit unions as well, to give them the tools that they need to help bring economic inclusion to communities that have been left along the way. Again, those tend to be communities of color.

Dan Berger:

Yeah, we had a very similar experience that Lucy did. It rocked our staff. A couple years ago, we created what we call internally, a culture committee. It's made up of a cross section of very diverse employees across NAFCU, different titles, different divisions, things along those lines, and they did a yeoman's job. They deal with DEI issues and other issues, and stuff that come up on behalf of the staff at NAFCU, but we had a very similar situation, but the rubber meets the road. We have to lead, as organizations, and so our staff has to really reflect the community, has to reflect society, things along those lines. I know I talked to Bob about this. I guess it was three years ago that you wanted to focus on DEI, and this was going to be part of what you wanted to focus on here for the next couple of years, before all those social injustices percolated up. I appreciate Bob's leadership in CUNA Mutual's leadership on this as well.

Jim Nussle:

Yeah, I would just join in that accolade as well. Bob, you were, so early on in this, with a very heartfelt personal video. I think, I hope I say this in a way that is respectful, but Rodney, Mr. Chairman, you were able in your one sentence, that financial inclusion is the civil rights of our generation, you were able to sum that up in a sentence, what it took me at the GAC, I think I took half an hour and I didn't get as eloquent as you did in that sentence. First of all, I respect that. Let me add to that, though. I think it may not surprise people enough that you took that eloquent stand. What I think it also takes, frankly, is us pale white guys to take that stand. For those of us that have had privilege, for those of us that have not experienced what you shared, and what so many of my team have shared throughout their lives, whether it's in education or in their professional experience, or on the streets of their community.

We haven't experienced that the same way you have, and it takes us, as the pale white guys, to also stand up and say enough is enough, and to not just say it, but to walk the walk. That's why we've been encouraging credit unions, through our board retreats that we have, and our board conferences. Our credit union boards need to think about this when they think about succession planning. If you look at our industry, boards themselves suggest that we are not diverse enough. It's not anyone criticizing or anything, anyone having to say it from the NCUA or anyone else. Boards themselves say, "We've been here too long. Maybe we're too old. Maybe we're too white." That is reflected in the leadership of our credit unions often as well.

How can we begin the change through succession planning? That starts with boards. That starts with choosing executives. That starts with choosing the middle management of the future, and I think that's the

road we need to be on. I would challenge credit unions that are listening, that talking about it, passing resolutions, embracing DEI, all of that is really important today, but the long term change for credit unions, which needs to happen as a business imperative, as we go out and try and not only reflect our communities, but attract the consumers of the future, is that we have got to work on diversity in the way we hire, in the way we promote, in the way we lead our credit union industry into the future.

Rodney Hood:

Jim, I couldn't agree with that more. I certainly applaud that stance. Again, those are really concrete action steps. When it comes to a lot of the board diversity, I will never forget a credit union league that visited my office from New Mexico. It was there that one of the credit unions mentioned that they are creating a small advisory board, but that's going to be able to allow them an opportunity to take the young talent of the future and prepare them for board service. They're using it as a pipeline for future board members.

There's already one success story of someone growing from that advisory board to now being a full fledged board member of that particular credit union in New Mexico. Those are the types of things that I think make it intentional and make it far beyond checking a box. I also encourage you all as leaders on this call, and I know you're doing a lot of this, one of the things that we did, back to Lucy's point of how this George Floyd tragedy rocked us to the core, we wanted to give our employees an opportunity to have a safe space where they could come in small groups and talk about the emotional toil that this experience was playing on them and in their family's lives.

I, by working with our agency leadership from the Office of Minority Women in Inclusion, we did small groups where we did about 15 of these listening sessions. It's a chance for me to talk about some of the stories and experiences I've had as a black man growing up, and again, giving them the freedom to speak and hear. I know you all are doing that as well. The one thing that has happened today, it's taken us almost, as a society, 400 years to begin having these very difficult conversations. Yes, it's good to have the conversation, but Jim, to your point, let's couple them with action.

Lucy Ito:

Absolutely. We've all been on this journey in our own organizations and as a country. I do think that we need to be focused. Given what the country is realizing, we do need to focus on social injustice against the black community. I also hope that that leads to similar introspection for other groups. Not everyone presents as a minority, but I have heard stories of folks, for example, who come from hearing disabled families, and the discrimination and lack of inclusion for different groups like that. I do hope that we address our racial challenges and that we also extend that empathy to other groups as well.

Bob Trunzo:

If you believe, like we do at CUNA Mutual, that everyone has, and should have a path to financial security. What we did in 2014, with adding inclusion-ism as a corporate value, was just the start of what we wanted to do. But for me as a leader, I think what's interesting is every day I learn a little bit more about what folks of color are facing. I think, Jim, you said, white privilege or from a white background and as a leader, I just got to figure out how to learn more and learn more quickly because sometimes ... I had a perfect example. One of my best friends in the company, and one of our outstanding leaders, Executive Vice President Cedric Ellis tells this story, came into my office and said, "I was driving a really nice car." Cedric likes nice cars and he would say it was a Range Rover.

He was driving his Range Rover and he got stopped in Madison for what was clearly something that none of us would have gotten stopped for, a tire went over the orange bicycle lane line for like three seconds, and came in and told me. I reached for the phone, to pick up to call the mayor of the community. I said, "I'll call the mayor. This is just garbage." He said, "Bob, stop. I'm a black man driving an expensive car, and he asked me 'Who's car is this?'" That was like for me, geez, Bob, what a moron you are. I mean, you just can't relate. Although we're doing things and we're driving issues, you can't tweet. You can tweet about it, you can post Instagram's about it, but to Lucy's point, you got to do something substantial. You got to start doing something, and I think that whatever you've done to date, you got to do more.

Dan Berger:

Yeah, I agree. We had a similar story like that as well. I have a really good friend of mine, his son plays football for a major university, so we went to go watch him play last year. It was just when my daughter was beginning to drive, which is a whole other heck of a story to another situation, but he was talking about his son and what he was explaining to his son about driving, the safety and things to worry about. Then he ... the context of this conversation went, "This is what you do when you get pulled over. You roll your windows down. You keep your hands on. If it's at night ..." Conversations I did not have with my daughter.

Those conversations with an African American family and his discussion with his son was different. That was just "lights on" with those kinds of conversations, and we've had numerous ones since then. The difference between how I'm raising my daughter and the discussions I have with my daughter, and the discussions he had with his son, and it is literally night and day difference. Those kinds of stories and discussions, and I applaud you Bob, those are the kind of discussions, and that's how I learned. I'm a sponge with that kind of information with him. I give him a call on a regular basis, a couple times each month, especially after everything that's been occurring now. These conversations happened well before everything was going on with the social injustice in our country, and the murder of George Floyd, but those kinds of conversations are important to have and ongoing, but as leaders, we have to lead by example.

Our organizations have to reflect, society has to reflect the community we operate in. That's reason we're really proud at NAFCU, that almost half of our staff are people of color. 70% are female. That doesn't happen by accident. We work on it extremely hard. We have to have these discussions. We have an all staff meeting later this week. Renee from AACUC is coming in, and is going to facilitate another discussion that we're going to have with staff. It has to be ongoing. You can't put it on the back burner. You have to have these discussions and keep learning. Don't tell them things. Learn. Be a sponge. Listen to what they're talking about.

Bob Trunzo:

Well, and all of us want to see something happen. The timing ... because let's face it, at the end of the day, these barriers have existed, and have had a profound impact on our country. What I worry about is, the timing now, it's an opportunity. I see the country at such extremes. I see our lawmakers at such extremes. I see the country at such extremes. Jim, I think you said this before, sometimes you got to get to the middle to get something done. I'm just hopeful that something can get done, and maybe the two groups ... maybe these extremes got to get to the middle somehow. Does that make any sense? Or am I just babbling as a non-political, not a DC person?

Rodney Hood:

Well it does makes sense, and I would say, Bob, that there is middle ground here. I think we all would say that we stand firmly and categorically against racism.

Bob Trunzo:

Absolutely.

Rodney Hood:

I think we've all said we want communities of color to have access to affordable financial services and shared prosperity. I think that with George Floyd's murder, coupled with the death of Congressman Lewis, I think these conversations are being held in Washington. Again, I think there is more commonality around uniting around these issues than I've ever seen it. I think, this is the perfect time. I know you were saying, when is it time? I think it's time now. In fact, I agree with Shakespeare when he said it's better to be three hours too early than a minute too late. I think now society is finally caught up to a lot of the dialogue that we're having today.

I mean, going back to the previous segment where we're talking about your friend Cedric, or your colleague, I, Dan Berger had that same talk. It was my father who sat me down when I was 15, to talk about how do you put your hands on the steering wheel if your stopped by a policeman, how you're to

make sure you make eye contact. If you're reaching into the glove box to get the registration and insurance information, you let them know. You choreograph everything you're going to be doing. Similarly, mother would always come out with me before I would get in the car in high school, to make sure the lights were working and all that, just, again, knowing what happens if any of us could be stopped by a police officer, because you all, I could have been George Floyd.

Any number of CEOs or executives that you see, and there are many folks who ask me today, "But Rodney, you're a chairman, so that means you don't get stopped." You all, I get stopped twice a year for driving, for doing nothing wrong. I'm not a speed demon or anything of that sort. I get stopped because the rationale is that if you stop someone who looks like me, there's bound to be something that I've done wrong in the past. In fact, many times when I'm stopped, and again, I've already been stopped once this year, so at least I think that's probably four more months before I'll get stopped again.

The comment that's raised is, "My goodness, you have no warrants out for your arrest. You've had no convictions and things like that." They said, "Your record is so clean. You don't even have parking citations." Again, the mindset is if we stop and let's see what's there. That's the reality. That's not changing, but the thing is now, what has changed? We are now able to have this discussion publicly. Typically, conversations like this would have been held with family and friends, but now it's a part, not just of the national discourse, but the global discourse.

Dan Berger:

Hearing that's maddening.

Lucy Ito:

Yeah, it is maddening.

Dan Berger:

Yeah, when I heard my buddy talk to me about it, and hearing stories from Chairman Hood, just, I find that absolutely maddening.

Lucy Ito:

It reminds me, this is before the current crisis and current awareness, but when I was interviewing one of my African American staff, it was around the time, you recall, in a coffee shop, a Starbucks or something, that two African American men were waiting for someone else to arrive. That's how I was taught, wait till your friend arrives and then we'll get coffee together. I was doing this interview in a coffee shop. I walk in. I'm a little bit early. I oddly see a cup of coffee without a person at a table.

I'm looking around for the person I'm to meet and I don't see him, so I go sit down and just wait without buying any coffee. Then eventually, he walks up with a cup of coffee in his hand. I said, "Was that your coffee that I saw on an empty table?" and realized that he felt that he had to buy the coffee in order to wait for me, and went to use the washroom. I just thought, wow, I would never have thought I could not wait for my friend or business associate to arrive. It's horrible what black people have to endure. It's very painful.

Bob Trunzo:

Clearly, now is the time to act on DEI issues. Action is critically important, both now and into the future. As we transition to the future, and we talk about vision and what we think the future will look like.

Dan Berger:

I think Jim said it best. You can't look backwards. My fear is, from our industry standpoint, is that you have to look forward. You have to plan for the rest of 2020, what does 2021 look like? You need to have innovative progressive partners, like CUNA Mutual Group and others, including FinTechs and everything else to partner with and look forward. You can't allow all of the pandemic and everything else to paralyze you because you have to serve the American consumer, and you have to look forward. Now, I will say that if you're looking at strategic planning three to five years out, that's silly, in my opinion, because it's all

very fluid. If you're doing strategic planning, and you're doing more than 24 months out, I think it's a waste of money and time.

Now, if you're doing strategic planning for 12 to 24 months, that's realistic, and then you could go back and maybe do a longer term plan. Strategic planning is going on, beginning to start at NAFCU here, and we'll get into it in the first quarter of next year, but it's fluid, and you have to look forward. Jim nailed it. You have to look forward and be innovative, and you have to grow in order to be able to serve your membership and the American consumer.

Rodney Hood:

Dan, I couldn't agree with you more in that we have to look forward, and it is about strategic visioning. As you all know, the NCUA board does not meet formally in August. One of the things that we are going to be doing I'm hosting a strategic visioning session for all of our senior leaders to come together to talk about what does the agency look like, in the midst of a pandemic and post pandemic? And you touched on one of those things that we're going to be spending a lot of time with, and that is FinTech. FinTech now, I think has never been as important as this today because of this remote work environment.

It's those credit unions that I've been speaking with that invested in technology, who are using those digital tools to serve their member owners, who are using it both for payment systems, bill paying, savings accounts, and all the other things that we need to see. I have long wanted to pursue an office of innovation and access through the use of FinTech. Now, it's the right time to bring that forward to the credit unions that are engaged in FinTech. I'm encouraging them to continue along that path, but not just innovating for the sake of innovating. Do it because it is going to provide greater access.

When we talk about serving low to moderate income communities, Lucy, you mentioned disabled populations. That's a population that I think can benefit from FinTech, rural communities. How do we really bringing those tools and products to communities where we may not need brick and mortar you all we just need to use technology and deploy it to really help bridge the economic divide. But it is about intentionality and but strategic visioning Dan, is so important. That's something I know all of us in this call as leaders are going to be looking at your right five to 12 years out, it's a bit sort of not in the grand scheme of things now, but looking at 12 months, 18 months doing a SWOT analysis and seeing what are the things that we need to do, to do it nimbly and efficiently to keep a third of Americans with access to their credit unions.

Dan Berger:

Yeah, this pandemic has accelerated strategic plans, has accelerated the business plans. So if they had plans in the next three to five years to change the technology platform to go contactless and frictionless and things along those lines, this has accelerated that. They've had to edit just like all the men and women on this phone call with their organization's have had to do. You had to pivot and they've done what was supposed to occur over a period of years, has shrunk to a period of months, sometimes weeks, and so it's been accelerated. Those changes have to occur, and has to continue to occur, but don't let it not happen, don't look backwards. Like Jim said, Look forward, invest, work with your partners, like CUNA Mutual, and look forward. You have to be able to invest in your future, because if you go stagnant, you're going to get run over, so you have to look forward to what's going on for 2021 and 2020. Look forward don't look backwards.

Lucy Ito:

Absolutely. It'd be interesting to hear from all of you what the silver linings have been from the pandemic. Certainly for regulators, we were forced ... examiners were forced to worked remotely and conduct exams virtually, that definitely accelerated the off site approach to examination and what a relief, really that both credit unions and regulatory bodies were able to move forward. I think you were just saying Dan, something that we would have thought would have taken a couple years to get to and planning was in the works, but boom, all had to happen in the space of a few weeks to get used to that. I also ... everything that's been going on, I want to applaud NCUA for its work on Field of Membership, modernization and kudos with the decision by the Supreme Court that's allowing you to finalize that rule.

We are big believers at NASCUS in the dual charter system, and we think that innovation on the state side and Field of Membership did influence NCUA, and we're really glad that then NCUA now modernized its rules and we hope that puts pressure on states. But one of the things that I was ... my eyes were reopened during the crisis in a positive way on Field of Membership, and you must have seen the Wall Street Journal article about Weststar Credit Union in Nevada and another credit union, where Weststar serves the gaming industry, and the casinos in Las Vegas were shut down over night. Can you imagine if all your members are employees that are somehow associated with casinos and hotels, what that does to your credit union.

I have long felt that Field of Membership common bonds are actually a safety and soundness issue in terms of having a diverse membership that can withstand something like this pandemic, when an entire employee group is affected. I'd really like to see us in future from the regulatory side, look at Field of Membership, common bond and make sure that credit unions can be diverse enough to withstand the next surprise and might not be a victim because of too narrow of a common bond Field of Membership.

Rodney Hood:

I couldn't agree with you more Lucy, and it's something that I care about. In fact, you will be seeing us act now that the Supreme Court has ruled in our favor. In fact, we've already approved all of those pending applications for folks who wanted to adopt and have those rural districts, but there will be more opportunities. In fact, with field of membership, I believe that also goes back to digital technology, and how do we better to use FinTech as a tool for service as opposed to relying on traditional bricks and mortar, so the time is right. And much like you I certainly valued the dual charter. Well before COVID, I was doing a lot of tours of credit unions, and I always wanted to make sure that those SSAs are there. In fact, FFIEC gives me a wonderful opportunity to work with the state credit unions.

You mentioned the remote exam posture, that is something that I could see us continuing to do. In fact, we are hoping to hear from you regarding our virtual exam piece that's out for comment. I think that's something that's not only safety and soundness, but also you all, we recognize that when our examiners go to the credit unions, it can be a bit troublesome for the credit unions themselves to meet the needs of their member owners while also having our examiners in one side. So we're looking at ways, how do we minimize the time? We are looking at modernizing the call report, we're looking at bringing out the new merit system. That's the measurement, examination, risk identification tool. Those are things that are showing us looking at reg tech and supervisory tech and all those types of things that can really help bring about efficiencies, and also further us, Lucy, with the ability to work in greater partners with you all because this will be a shared platform.

Lucy Ito:

I really appreciate that Chairman Hood, and I also wanted to applaud you, besides everything that's been going on with the pandemic and the PPP program, other things that NCUA has been working on. So the recent subordinated debt proposed rule, very excited to see that moving forward. We've been advocating for subordinated debt, alternative forms of capital for credit unions for probably 20 years and working within NCUA the last three years, we had hoped that we would be able to finalize this rule before the next crisis hit and then bam, Coronavirus, COVID-19 comes along. I do hope that we're going to be able to put that in place for the future, really applaud the agency for a comprehensive well thought out rule.

We do have our suggestions. We would push for greater flexibility to make sure that credit unions can experiment in a safe and sound manner, but kudos on moving that forward.

Rodney Hood:

Well more to come on that Lucy. I'm glad one, that you all commented. That is another tool that we need for our low-income designated credit unions to further serve their members. If we're going to talk about real world solutions to some of the issues plaguing communities of color it's those 2700 plus low income designated credit unions who really are at I would say, Jim, to your point, the first line responder, so we certainly want to empower them with the resources that they need to serve them, so, delighted to move that forward. You all know that I've been looking at capital adequacy and looking at other tools that you

will be seeing coming before the board by year end regarding a holistic approach to capital adequacy. Subordinated debt is just one of the many rulemakings that I hope to have by the end of the year.

Lucy Ito:

That's great. I want to applaud CUNA Mutual Group, Bob, because of your work internationally, we've been able to learn from the experience in Australia with pooled offerings that would make sure that modestly size credit unions could participate in something like a subordinated debt program. I really want to applaud your staff for educating the rest of us from your experience in Australia.

Bob Trunzo:

Thank you.

Jim Nussle:

I guess I would just add that putting forth the stories about the credit union difference, and what you've been able to do as credit unions to serve your members during this particular time, is different. Politicians and policymakers need to hear that story. Don't get tired of telling it. I know we're exhausted. I know to some extent, we're almost ... maybe we're tired of telling the story ourselves, because we know we live this every day. Don't get tired of telling the story, because these policymakers need to hear it, and it will help us preserve our model, which is what we need to preserve if we're going to make the hairpin turn that our economy and our health and our country is on during the next number of years.

Rodney Hood:

Jim, I couldn't agree with that more. Credit unions, I encourage them to all tell their story. I tell the story whenever I get an opportunity to testify. I talk about the credit unions that were engaged with PPP. I talk about the credit unions that are working with MDIs. You all, one of the things that I like to share about credit unions is that with a reason credit unions don't need to worry about the Community Reinvestment Act is that credit unions help low to moderate income people on their own volition, on their own accord. They do not need a government fiat to force them to do the right thing. That's what makes me proud of the industry and proud of the great work that a lot of the credit unions are doing.

When we are issuing letters to you all around encouraging you all to do the small dollar lending from NCUA, encourage you to look at some of the forbearance activities. Many of the credit unions are doing some of that even before we issue that first letter to credit unions, because it's in the credit union DNA to serve the member owner. I want you all to tell those types of stories. I know it's not in the credit use nature to be braggadocios, but it needs to be a story that's told to policymakers so they can realize that credit union difference and the nuance that's not really captured by some others who may not agree with some of the things that we're pursuing. Tell the story, tell them especially as I'd like to note you all, credit unions grew out of a similar environment in this.

They grew out of the Great Depression, where men and women who were from the mills and textile plants were not able to get traditional financing from banks, they were tired of not being able to have access to affordable financial services, so they galvanized their tools and marshaled their resources to create today's system of cooperative credit. Credit unions are not afraid of adversity, they grew out of adversity, and that's how they've been able to thrive now for almost 100 years. The point that I'd like to make is yes, credit unions came into COVID with a very strong financial posture with over 11% net worth well above the 7% statutory requirement, ample and more than satisfactory liquidity sources, both with our central liquidity facility, and also with some of the secondary and tertiary sources that credit us have access to. Whether it be the Federal Home Loan Bank, or the Federal Reserve discount window.

We are much better positioned for the headwinds than I would say than the great recession of over a decade ago. The tools are there. We at NCUA are going to work with you diligently to make sure that we keep the system safe and strong. I know many of you are worried about some of our smaller institutions. Do know that as Chairman, I care about those small credit gains as well. I want there to be the great panoply of credit units where there's a \$4 million credit union in the basement of a church, or a multibillion dollar credit union that has offices throughout an area. All of them work together and providing that wonderful member ownership experience for those 120 million people. We will be working with credit

unions to see what we can do to keep them sustainable, viable, not just during the pandemic, but beyond it for many years to come.

Bob Trunzo:

I think all of us are really proud of our credit union partners and how they have handled this entire pandemic. That's why I'm so encouraged about the future, because I think there's a couple of things that are really, really positive about the future. Number one, members moved to digital, and the ability and ... and everybody pivoting towards I think Dan mentioned, contactless, cashless, digital. I mean, that will be the future, and that will continue to be the future. I think the ability of credit unions and large organizations like ours to be agile, to adapt. Just think about everything we've adapted to as an industry over the course of the last four or five months. Finally, we're really excited about the future because not only of the liquidity in the space, but the strong liquidity in the huge balance sheet that CUNA Mutual has, which allowed us a couple years ago to form our venture fund to get into the FinTech space, to be part of introducing FinTech solutions to credit unions and the ability for FinTechs to work with credit unions.

I'm really excited. When I spent a couple years at Kellogg, one professor ... probably didn't learn a lot, but one thing I did walk away with was the comment, good CEOs have a foot in the present, but an eye over the horizon. That is really what credit union leaders need to do now, and we're starting to see that, we're all doing that. I think with the talent we have in the credit union industry, the liquidity, it's a great future for all of us. Finally, I just want to thank all of you for an absolutely incredible discussion. The first virtual meeting of this group, it was inspiring, some terrific comments. I was honored to share this platform with you, so welcome to Discovery 2020, and we hope you have a great remainder of the conference. Thank you everybody.

Jim Nussle:

Thank you, Bob.

Dan Berger:

Thank you, Bob.

Lucy Ito:

Thanks, all.

Rodney Hood:

Thank you, Bob.