Barefoot Innovation Podcast with Todd Harper
Chairman, National Credit Union Administration

***Note that transcripts may sometimes contain errors and that transcript timing notations do not match the posted podcast**

Jo Ann:	I have been so looking forward to today's show because my guest is Chairman Todd Harper of the National Credit Union Administration. I'm just thrilled to be with you today.
Todd Harper:	I'm thrilled to be here as well.
Jo Ann:	It's great to see you, and I've been looking forward to talking with you, telling the story, really, of the US credit union system, which is such a remarkable system. And then, talking about some of the challenges that are facing you as regulators. I'd like to start by just asking you to talk a little bit about yourself. I believe, tell me if I'm wrong, that you're the first chairman of the system who came up through the ranks.
Todd Harper:	Indeed, I am. I am the first staff member of the NCUA to rise to a board member and now to the NCUA board overall. But I will say this, credit unions have been part of my life, but it's been in the water of my family. I recently learned that not only had my father started a credit union in the 1960s, but my grandfather started a credit union at a soap factory in the 1930s.
Jo Ann:	Oh, my goodness.
Todd Harper:	And if I look back at the moment that put me on the path to getting to this job, it was when I was seven years old, Jo Ann. And my parents, we moved to a new neighborhood, and I started to get a weekly allowance of $2. And two blocks away was a candy store, and nobody told me that I needed to save money to buy presents at the holidays. And I went and took that $2 every week and bought candy. And when the holidays came and I had no money for presents, I went and took out my first loan from the most local of cooperatives, the bank of mom and dad. And that taught me really important lessons about budgeting. I paid back that loan in 1975 at $.50 a week, no interest, but it was really a valuable lesson for putting me on the path as to where I am and how I got here.
Jo Ann:	That is an amazing story. We have listeners all over the world, so I'd love to start by just asking you very quickly to paint the picture of the US credit union industry. We have more than 5,000 credit unions, is that right?
Todd Harper:	Just under 4,850 some, if I remember. Yeah.
Jo Ann:	Okay. So thousands of them, mostly small institutions.
Todd Harper:	Yeah.

Jo Ann: Talk about the role that they play in the US economy and financial system, and then we're going to talk about the challenges facing them.

Todd Harper: No, that's great. Why don't I just take a step back and talk really big picture about what a credit union is and does. And at its most basic level, credit unions are what my old boss on Capitol Hill would say are democratic capital, small D, not big D. And they pool the resources of a group together in order to make loans to members within the group so that they can improve their standard of living.

And the credit union and movement itself got started in France and Germany in the mid-19th century. Farmers in Germany couldn't get access to equipment. They didn't have the money to buy the farming equipment. And these cooperatives started what would become the first credit unions to make loans to farmers so that they could get the threshers or whatever they needed in order to make those loans. It then came across the seas. We saw the first credit union open in 1909 here in the United States up in New Hampshire. And in 1934, during the midst of the Great Depression, Congress created the Federal Credit Union Act, and we started to see the first federal credit unions get chartered overall.

Overall, credit unions are not-for-profit institutions. They also go by a one member, one vote principle. So it's not how much money you have in the credit union, it's that you are a member of that credit union. And that's a core piece of what the credit union mission is and does. Today, the US credit union system is by far the largest in the world. We touch more than... Actually, we touch about four in 10 every Americans. There are 133 million credit union member accounts in the United States today, and the system is $2.1 trillion in assets.

So when I say this is not your father's credit union, I can say that both from a family perspective but also an industry perspective. It's important though, and you alluded to it a little bit earlier, Jo Ann. Most credit unions are quite small. In fact, what we see is about six in 10 credit unions are below $100 million in assets. However, we have some very large credit unions, and in fact, one in 12 credit unions are above $1 billion dollars in assets. I have nearly 30 credit unions that are above $10 billion in assets, and there's one credit union that's above $100 billion in assets. So as a regulator, it's really hard for us to think about, "What is the size, scale, and scope? And how do we do our regulations for the small credit unions and our supervision in a way that allows them to continue to grow and to provide the niche services that they're providing, but also recognize that as credit unions grow larger and more complex, we need to develop a more sophisticated and more complex way in which we supervise them and have our rules in place."

Jo Ann: Great. I want to circle back to that very topic.

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Todd Harper: Yeah.

Jo Ann: But first, let's talk about the challenges that they are facing, particularly the small ones.

Todd Harper: Yeah.

Jo Ann: So our show always looks at technology and innovation, and small financial institutions of all types today are really challenged with keeping up with technology, both at the front end where their members are going to want to have a user experience that's equivalent to what they expect in the rest of their lives in terms of technology. And also at the back end, being efficient, recognizing that these institutions are competing both with big financial institutions that have great technology and also with fintechs that have great technology. So when you look at that challenge, what are you thinking about?

Todd Harper: So if I could take a step back, my approach to being a regulator and to being a financial institution's regulator is built upon what I call the FIRE philosophy, and FIRE is an acronym. And we, as a regulator, need to be fair and forward-looking. We need to be innovative, inclusive, and independent. We also need to be risk-focused and ready to act expeditiously when we find problems at institutions. And then finally, we need to be engaged with stakeholders so that we can develop effective regulation and efficient supervision.

Jo Ann: I like that.

Todd Harper: Key in that is the forward-looking and the innovation piece. It's very much on my mind. We, as an agency, have been innovating with our technology in recent years. In fact, we recently put into place our new examination system called MERIT, the Modern Examination & Risk Identification Tool, if I remember the acronym correctly. And MERIT is a technologically-based platform where we are giving our examiners better analytics, we're giving them new dashboards, and we're giving them new tools. We're also using that MERIT system to collect and bring in information from credit unions regardless of size. And we had to build that system to really take into consideration the protection of data, protection of information, creating a secure portal behind it. And so, we've been innovating as an agency.

But just as we innovate as an agency, we also need to help the credit union system to innovate and credit unions need to innovate. One of the things that we've done that are helping in that regard is we have set up a new office called our Financial Technology and Access Office. It's going to be working a lot in similar ways as to what you're seeing other financial institutions, regulators here in the United States doing, looking to test and see what works, what doesn't, doing sandbox exercises with credit unions and other vendors and providers to see what will work or what won't work overall.

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If I could go back to something that I said earlier about credit unions being small in size, in order for them to compete, they really need to rely on vendors and technology. In the credit union space, we have a unique concept called the Credit Union Service Organization, which is, if you will, a third-party vendor that primarily serves credit unions. They're owned by credit unions, they serve credit unions. And QUSOs have been a really great way for credit unions to find innovative of ways to make loans, to their mobile apps, helping them to set up their mobile apps on their phones, to doing everything from BSA, AML compliance, to also certain consumer financial protection responsibilities.

Credit unions that are small need to use these vendors in order to compete, but they don't necessarily have the resources, one, to do the due diligence on it, or two, to sort of know what to do. And in fact, Jo Ann, one thing that I was really taken by was your recent episode where you talked about the need to support MDIs. And one way that MDIs could, Minority Depository Institutions, could be supported is to have the regulator take a look at the vendors and sort of being a first step shop where vendors come to us, we take a look at them, we kick the tires, we make sure that things are there, and then those vendors could go out to credit unions and say, "Hey, we've worked with the NCUA. They've seen our product. Here, this will help you with your due diligence."

So we could help with due diligence, except we've got one small problem in the credit union space. And that problem is, is that unlike the rest of the federal banking agencies, we don't have vendor authority. And that is the ability to go in and conduct examinations and supervision. We can do it voluntarily, but vendors don't have to follow what we say and do. And so, that is a risk for the system. That would definitely help us to improve.

And then, lastly, I just want to highlight two things that the agency has recently done with respect to technology and some of the things that we see evolving. First of all, we issued a letter to credit unions, which is our form of a financial institution's letter that you would see on the bank side. And we outlined what our expectations were for credit unions if they used distributed ledger technologies. What would they need to take into consideration? We certainly recognize that there is some value to this tool. I don't know that we fully know what the full value is of the tool yet. It's a bit like where we were with the dot-coms back two decades ago. We didn't know what the importance of cyber commerce was going to be or how it was going to evolve, but we understood that we needed to allow it. We need to make sure that credit unions maintain competitive. DLT could be that new technology for what comes next.

And then, also too, we did say that if credit unions want to work with service providers on digital assets, that they were permitted to do that, but they also had to make sure that they followed all of the laws around the way. And guardrails are an important piece here. We want to not only protect the safety and soundness of the institution, but we also want to protect consumers.

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Jo Ann: You covered a lot of ground there. I want to follow up on a number of those things. So one, thank you for mentioning the episode that we did on MDIs, and we'll put a link to that in the show notes. And we, at AIR, have an initiative that we're just launching, pardon me, working with MDIs. And in fact, we have an event tomorrow that one of your colleagues will be speaking out on Capitol Hill, so really excited to see your efforts in that space. On the DLT, the Distributed Ledger Guidance, did you say it was guidance or a-

Todd Harper: It was a letter to credit unions.

Jo Ann: Letter.

Todd Harper: So it is guidance, yes.

Jo Ann: And what does it actually say that they can do?

Todd Harper: It actually says that if credit unions want to use DLT, they can use Distributed Ledger Technologies, but in doing so, they need to make sure that they are following all of the general principles that you would expect us to see from a safety and soundness regulator; that it is well constructed, that it does what it says it's going to do, that it works to protect the safety and soundness of the institution, but also consumer financial protection on it. And we can certainly, for the show notes if you don't mind, get you a link to that letter.

Jo Ann: That would be great. We would love to link to that. I'd like to talk a little bit about the impact that you see of technology in terms of both financial inclusion and consumer protection issues.

Todd Harper: Yeah.

Jo Ann: These new technologies can cut both ways. They can drive more inclusion and potentially help credit union members manage their financial lives. But on the other hand, they're bringing some potential risks as well.

Todd Harper: Yeah.

Jo Ann: Talk about that.

Todd Harper: So if you go back to earlier in this podcast where I talked about how credit unions came to be, it's really in the DNA of a credit union to be helping to provide that financial inclusion. Because if you think about how credit unions got formed, it was because people were not getting access to loans from banks and they were falling short. So there really is a commitment by most credit unions to continuing to fulfill that and making sure that credit unions are serving everybody's needs, not just the needs of a few.

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Congress recognized that when it passed the Federal Credit Union Act. And it said quite clearly to us that the statutory mission of credit unions is to meet the credit and savings needs of members, especially those of modest means. And I emphasize that modest means piece. So they are about reaching out to financial inclusion.

Within the credit union system itself, one really remarkable statistic and difference between what you see in the world of banks versus credit unions is one in 10 credit unions is a Minority Depository Institution, meaning that more than half of their membership comes from people of color and more than half of the leadership of their organization also come from people of color. That's a really remarkable contrast to what we see on the bank side, where I think we're somewhere between 1 and 2% of all institutions, of all.

Many of those credit unions are just, as I said, very, very small. They may be that AME church credit union that's open for four hours on a Sunday. I will tell you that that credit union is making loans that no other institution would make because they're looking at the congregation. They're making the old character loan. We don't talk a lot about character loans anymore, knowing that somebody may be on hard times and helping them with that $4,000 assistance maybe to get the car repaired or the roof fixed on their house and helping them to get through a tough time overall. So we've got a very unique group within the credit union system that is doing so well in serving their members.

That said, I'm not going to say that credit unions are perfect. We recently did a study, our Office of the Chief Economist, taking a look at how credit unions were doing in lending for mortgages using HMDA data. And one of the things we found is that people of color, particularly Blacks and Hispanics, were almost two times as likely to be denied a mortgage application as a white applicant was. And that for those who did get a loan, Blacks and Hispanics were paying between 8 and 13 basis points higher in interest rates than for white borrowers.

So that really does raise important questions about what we do as an agency and how do we take a look at fair lending and apply fair lending rules. One of the things we apply Fair Lending rules and supervise for them, one of the things we've been doing in recent years is increasing our resources committed to fair lending. I can tell you that when I first came on the NCUA board, we were conducting exams and reviews at less than 1% of federally insured credit unions each year. It would take us a hundred years in order to hit them all. I knew that we had to do better. We have been increasing our resources there. We've also been working to develop some new tools and targeting that we'll hopefully use more than just HMDA data in order to guide us where we find.

But we have found at credit unions about, last year, 64,000 credit union members were subjected to unfair practices that violated the Fair Lending Act, primarily in the area of whether one is married comes to mind, but also too, it was age. And some of them may have been minor. The credit union, it may have said, "We want to protect our older members, so we're going to do a manual review if you're above age 70." Well, you know what? You used the technology to help you to get through the review, you need to apply it. And they went about it wrong. And so, we helped them to understand what were some different ways that they could approach. But we ended up seeing about, again, 64,000 credit union members that were subjected to unfair practices and millions of dollars that were returned to credit union members as a result of those problems and changes in credit union performance overall.

Jo Ann: Very interesting. I'm going to pause, because I realized that I did not put my airplane mode on my phone.

Todd Harper: Okay.

Jo Ann: And I don't want anyone to call.

Todd Harper: That's totally fine. And do you want a glass of water?

Jo Ann: Oh, I'm okay, no, but thank you.

Todd Harper: Okay. I was concerned about you there for a minute.

Jo Ann: Yeah, me too. I think the editor can get that out and also my little pause here.

Todd Harper: Yeah. And I did realize I wanted to talk about appraisal bias and automated evaluation models, if you want to follow up with that.

Jo Ann: Okay. So for the editor, we'll go... So you'll just pick up from where you left off?

Todd Harper: I can do that, or if you want to prompt me.

Jo Ann: Yeah, I'll prompt you. Okay. So we'll go 3, 2, 1. Talk a little bit about how appraisals fit in with the fair lending issue.

Todd Harper: I'm so glad that you asked that question. I've actually been working on appraisal issues now for more than 20 years, going back to when I was in Congress and working on Capitol Hill. The very first subprime lending bill that we put together to control predatory lending practices had appraisal provisions attached to it. And ultimately, one of those provisions had to deal with developing quality control standards for automated valuation models.

And we know that humans can have errors. We also tend to think that technology like AVMs can be the perfect solution. Well, they can be a very good solution in taking race out of the equation when it comes to fair lending, but only if you've considered that in the base model. And what we are working on

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across the agencies in accordance with the Dodd-Frank Act is to develop quality control standards for the federal banking agencies for the NCUA, as well as the FHFA is involved in this rulemaking, that will help to ensure that we're not creating bias and that we're creating fair numbers when they are being attached. So that's one way the technology can be used to help solve the problems of humans' errors and to promote financial inclusion overall.

Jo Ann: Yeah. Great. So you're working on these improvements in the context of the economic environment-

Todd Harper: Sure.

Jo Ann: ... that we have today, which is raising questions around interest rates or at least challenges as well as potentially liquidity.

Todd Harper: Yeah.

Jo Ann: Talk about how you're viewing the risks today and how to manage them.

Todd Harper: So within the credit union system, we've been lucky. During the Savings and Loan Crisis, we didn't see the problems that savings and loans encountered because we didn't have fixed rate mortgages on our books, by and large within the credit union system. We also didn't see those problems so much during the Financial Crisis of 2008 because credit unions weren't making those subprime mortgages. They weren't tending to make prime market mortgages. We're in a different space now. Right now, half of the assets of credit unions are in fixed rate mortgages. And so, we in some ways have become what the savings and loan and the thrift industry once was. That is a good thing for consumers, but it also exposes us to a lot more interest rate risk. And so, we've been working as an agency to prepare for that.

One of the things is we recently updated our guidance to credit unions and to our examiners on how we examine for interest rate risk. Our rules generally said we expected a 400 basis point shock. Well, guess what? We've seen about a 400 basis point shock. We also didn't really give full recognition to credit unions might know that they have high interest rate risk, but if they're managing it and managing it according to their plan, they don't necessarily need to have applied to them what we call the DOR, essentially a regulatory action against them that they've got to go and fix.

So we've been working to prepare the credit union system and our examiners for this rise in interest rate risk. We've also been encouraging our examiners to take a careful look at this as we're going through this. And also too, we want to make sure that credit unions understand that their interest rate risk management is going to be crucial. Most people in the entire financial system don't remember the days of the seventies and eighties when we had high interest rates and what

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that could lead to. I think it's going to be really important that people take a step back and remember those lessons that we learned so that we manage this in a good way.

Moving though to your second part about liquidity risk, we've certainly been seeing increased liquidity pressures within the credit union system, although not quite as great as the banking system at this point in time. I believe at the end of the second quarter that we saw three credit unions that had negative tangible net capital, net tangible capital. I'm sorry for the misspeak there. That's a small number. We actually expect it to grow over time as we get the third quarter results posted and certainly into the fourth quarter.

We're also seeing a number of credit unions having gotten caught in a vice of liquidity. That is particularly because they were doing loans that they were originating to sell or to participate out into the market, and they made the loans at 2.5%, and suddenly, the market for mortgages went up to 5, 6, or even 7%, and they're having to sell these at a loss if they want to. They don't want to sell them at a loss, so they're having to manage their liquidity risk accordingly.

Which brings me to just a really important point. The Federal Home Loan Banks are one way, through their advances, to provide liquidity to the system, but they're not the only way. And in fact, it's good that the Federal Home Loan Banks are out there and what they do for the system on a day-to-day basis. But if a credit union were to go to get an advance, they would pledge assets. And the Federal Home Loan Bank system would place a super lien on those assets, so that if the credit union were ultimately to be liquidated, I as the insurer and the liquidator wouldn't have access to those assets, which could actually result in higher costs for liquidation overall.

So we want to make sure that it's managed through a supervisory process and in a way that is actually beneficial to both the credit union, beneficial to the system, and beneficial to the taxpayers who back that system. One way that we do that is through the Central Liquidity Facility, which is our version of the discount window, and it's really a shock absorber for large liquidity events. We're actually facing here by the end of the year, if Congress doesn't act, that we will see three out of four credit unions lose their access to the Central Liquidity Facility, and we won't be able to provide that liquidity support at a time that it's highly needed unless those credit unions were to directly join the CLF.

Jo Ann: So there's pending legislation, is there?

Todd Harper: There is, there is. Yeah. Yep. There is pending legislation right now. What Congress did at the start of the Covid crisis was to allow corporate credit unions, wholesale credit unions, credit unions for credit unions is the best way to think of them, as the agent for their members, for a subset of their members. The way the CLF statute is currently written is that if a corporate credit union wants to serve as an agent to the CLF, they have to serve all of their members.

But we got some temporary powers to say that you could serve as a subset for members. All of the corporate credit union stepped up and said, "We will pledge the capital needed to the CLF to serve as the agent for any credit union that is below $250 million in size which is a member of our corporate credit union." That was great, but that power has now sunset and our rules at the end of the year will also sunset as a result, and we need to make sure that we continue to have access.

I'm kind of hopeful that we will see action. The House has passed legislation to permit this power to continue, and also as part of the National Defense Authorization Act, which is one of the few must pass bills-

Jo Ann: Indeed.

Todd Harper: ... by the end of the year, has a provision attached that would provide a temporary extension of this authority. We don't want to cut access to this liquidity at a moment when we need it most.

Jo Ann: Okay. I know we're going to run short on time. I wanted to circle back to what you were saying about your new supervision platform, MERIT, I think you've said.

Todd Harper: Yeah.

Jo Ann: Tell us more about how you developed it. Our listeners include a very large number of regulators and people interested in the regulatory side of the technology change underway. And all the regulators, I think, are trying to figure out, "How do we digitize our own systems? How do we bring in smarter types of analysis? And what does that journey look like? How hard is it?"

Todd Harper: It's a long journey, to be honest with you. We began the journey probably about seven years ago now when we first created our Office of Business Innovation, and that was Businesses Innovation for the NCUA itself. And we began mapping out that we needed to take the following steps in order to digitize all of our systems. And we began with our examination system, because our old examination system had last been built in 1995, '96.

Jo Ann: Oh, my goodness.

Todd Harper: It was going to be 20 years old, ultimately it became 25 years old. When I say that we were holding it together by duct tape, I'm not actually kidding, because we were using a computer programming language that was no longer used. And so, no longer-

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Jo Ann: You're not alone. You know that now.

Todd Harper: We're not alone. And we no longer met the best of industry standards. And so, we began this journey to say, "What do we need to do?" One of the things we decided early on is that we didn't want to build and maintain it ourself. We wanted to rely, to the extent possible, on market forces out there that we could customize for our purposes and build this technology platform on it. We did that because one of the things that's very hard on a system is patch management. And as you know doing that patch management, it's sometimes multiple times a day as new things... That we could rely on others to do it so that we didn't have to do it ourselves.

Ultimately, we went out and we talked to our examiners, we talked to credit unions, we talked to a wide variety of parties to figure out what would need to be built into the system. We also worked closely with our state partners in the state credit union system because all but one of them rely on our examination platform.

We then took that and then we started to do some market analysis and starting to figure out what might we want it to look like. That took a good year in order to work our way through and build that out. And then, we ultimately went out, did a request for a proposal. We went out and we selected a vendor, and then we began a multi-year process of building it out, testing it, going through multiple beta steps.

One thing that I was very struck by was back in, it would have been about 2019, and we were starting to do some of the field pilot testing on our platform. And I went to a state regulator that does both state exams for banks, but also state exams for credit unions. And the head of that regulatory agency turned to me and said, "My examiners are leaning over the shoulder and looking at the new dashboard materials that you're developing on the credit union side, and they're a bit jealous."

For me, that was a stunning comment, that we are actually leapfrogging. We're not playing catch-up to where the banking regulators were, but that we were leapfrogging over them to develop that technology. Now I've got to tell you, it's not easy. It's not cheap to develop a new system. We've spent about $40 million in development of this new system. And it's also going to become the base for not only our examination platform, but also for how we consider field of membership requests, how we go about doing our corporate credit union supervision and guidance. So we're building all of that in. It's a multi-year process, but you have to start with the base and you have to expect to spend some time, money thinking about what you're doing.

Jo Ann: And where is it in the deployment process?

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Todd Harper: So we were originally going to deploy it in 2020, but a funny little thing happened on the way to the forum, and we decided that we really wanted to do in-person training, because we knew that in-person training was probably going to be the better way to do this particular project. So we delayed it in 2020. As 2021 went on, we realized we might not get an opportunity to do in-person, so we ultimately developed plans to do both in-person training and doing training remotely and virtually. We ultimately trained almost all of our examiners and state examiners on this tool remotely, and then at the start of 2022, we turned the key and began using it for our examinations.

Jo Ann: Are you able yet to capture any metrics on is it saving your time or improving your quality? I know it's saving-

Todd Harper: No, it's an important question to ask. I would say that we initially saw examiners were used to the old system. They knew the shortcuts, they knew the clicks. And so, I wouldn't say that we've initially seen any time saving as a result of using that new technology. However, we know that as examiners become more proficient, we will start to see that time savings. We also know that as we make further improvements to the system, we will also see some of those increases. And I know that we're looking to collect that data so that we have a clear picture of just how much time we're saving overall.

Jo Ann: And have you found it a challenge as to whether the industry is well suited to providing information and forms that your system can put to use?

Todd Harper: I think it's a brilliant point, and I think it's a lesson that we learned as we went through this pandemic. Some credit unions were already digitized. Some credit unions were larger and prepared to send over their information. Many credit unions were not. If you look about it, we have almost 5,000 credit unions, 500 of which don't have a full-time employee. They operate either on a part-time employee basis or on a full volunteer basis. They weren't necessarily ready for the challenge. They weren't necessarily ready for, "How do you pull the loan file? How do we make sure that we digitize it? And how do we send it over?" So we had to meet our credit unions where they were.

We're hopeful that we will continue to get more and more credit unions comfortable with using technology for the supervisory process. We had many questions, for example, about just how secure our portal was for that transmission of those documents. And we use best in class government standards in order to adopt that technology.

So certainly, we've seen it on the exam and supervision, the reg/tech side, but we're also seeing it on the side of credit unions themselves and what they do on a daily basis. Cybersecurity comes to mind. For example, we've been developing new tools here at the agency, one of them is our information security examination program, which we are starting to roll out here at the end of the

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year and into the start of next year, which will work to meet a credit union where it is on its maturity level of its own digital platform and growth.

To help credit unions do that, we've also developed what we call the ACET, the Automated Cybersecurity Evaluation Toolbox. And what the ACET does is it collects, "What are the FFIEC standards and the FFIC handbook. What does NIST say? What do other industry best practices say?" And it asks and walks credit unions through a series of questions, about 500 some and all. They don't necessarily do all 500 once, but they work through the first 20, see where they need to improve. They work it to those improvements and then they walk through the next. So we've been giving them the tools that they need using technology to help walk them through that maturity performance level.

Jo Ann: I'm fascinated to hear your story about people looking over the shoulder and feeling jealous, and also your point that the examiners are used to their old systems.

Todd Harper: Yeah.

Jo Ann: I have so much... I'm a former Deputy Controller of the Currency myself.

Todd Harper: Right.

Jo Ann: And the field examiners have such a hard job to do. And I know there's a big culture and training challenge when we try to introduce this new technology.

Todd Harper: It is a tremendous challenge and you can't overlook that. Early on in my career, Jo Ann, I worked actually at the Occupational Safety and Health Administration. And it was at the time when they decided to... It used to be that the Office Director would need to make a decision about how big the fines were and how to assess them, and they decided to push that down to the examiner level. Well, you saw people retire rather than learn the new system and the metrics that they would need to apply for determining the amount of a fine.

We were very conscious of that as we went into this new system. We wanted the technology certainly to be easy to use, but we needed to be mindful that there are people who are on different journeys where they are and how they use technology. Because we had relied on technology for our old system, however, we found that there was a decent rate of user acceptance. And I don't necessarily think we saw the numbers of retirements that one might have expected to see because of the changeover.

Jo Ann: That's fantastic. I know we are actually out of time. I was going to ask if there was anything we didn't talk about that you wanted to cover?

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Todd Harper: Let me go back to what I said earlier. This is not your father's credit union system, nor your grandfather's system. This is a system that is experiencing tremendous growth. It's doubled in size in the last 10 years, and it's going to continue to grow. We need to make sure that we continue to evolve with that system, both in terms of how we examine and supervise, but also on what is the technology we use and credit unions use.

What's guiding me through this is are we expanding access to the underserved? Are we doing it in a safe and sound way? And are we doing it in a way that protects consumers? And if I could just leave with one last point. Oftentimes, people will ask me what the NCUA is and does. And I have to remind them, we are the FDIC for credit unions. We ensure deposits up to $250,000 in assets. So regardless of whether your money is in a bank or a credit union, if it's at a federally insured institution, it's protected up to $250,000.

Jo Ann: I cannot thank you enough. Todd Harper, thank you for being our guest today on the show.

Todd Harper: Thank you so much.

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