Barefoot Innovation Podcast: Kyle Hauptman, Chairman, National Credit Union Administration

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Jo Ann Barefoot: I am really excited about today's show. I am visiting today with Kyle Hauptman, the Chairman of the National Credit Union Administration, the NCUA, here in your offices. Kyle, thank you so much for having me, it's wonderful to have you on the show.

Kyle Hauptman: Thank you, I'm impressed I got invited back. I think I did this a couple years ago, right?

Jo Ann Barefoot: Indeed, it's great to have you back on the show. And I think last time we recorded we were over in the Navy yard and today we're here at the NCUA headquarters, which is fantastic. And you have been on this board for a long time now, I'd like you to talk about it, but recently became the chair, and so it's wonderful to sit down. And to get started, if you just would recap for us a little bit about your background and level set a little bit on the NCUA.

Kyle Hauptman: Sure. I've been in the financial policy business, call it 12 or so years now. I'm originally from Barbour, Maine, I think you've been there. My father was National Park Service, so I sort of grew up in the park world, Acadia National Park. Beautiful place, folks should visit it.

Became a Wall Street person, I was a bond trader. I was with Lehman Brothers when they collapsed in 2008 and a little while later, switched to policy and government and that was kind of always my first love. I was a political science major, undergrad, and DC first job was with a great free enterprise think tank, AEI. I worked in the US Senate, and then was honored to be nominated in 2020 to this job. And then this past inauguration day, a few months ago, I was named chairman of the agency. So it's been a journey. I'm a career, I would say it's a 90 degree change from finance itself to financial policy.

Jo Ann Barefoot: Yeah, yeah, and the NCUA regulates the nation's credit unions.

Kyle Hauptman: When I describe it the quick way, when you're at conferences, I say, do you know what FDIC is for banks? Well, it's that for credit unions, that's the fast way to say it. We insure, there are 4,000 and change credit unions, about the same number of banks and credit unions in America, 4,000 and change of each. The bank world though has 10 times more assets that they insure, primarily because a single digit number of mega trillion dollar banks, right? If you strip out the top ample of banks, credit union world looks like... So we are the insurer for all 4,000 and change. We are the regulator and insurer for two thirds of the credit unions.

The other ones are state charters, where we are just their insurer. Okay? But if you know what FDIC is for banks, we're basically that for America's credit unions.

Jo Ann Barefoot: Yeah, great. So as you have stepped into this office, it's an interesting moment for government overall. The new administration has been very active in looking at efficiency issues and thinking about structures and roles and so on. It would be great to hear from you about what your strategic goals are and priorities, as you take on this role.

Kyle Hauptman: Yeah, I mean, it's definitely a little different than I expected. Obviously, since the election last November, I had a good idea I was going to be named chair, but it's a little different than that because the flurry of activity the White House has done since Inauguration Day has taken energy and we focused on those things, right? I mean, there's always new executive order signed on the first week of a presidency, but has changed that. My core goals though have not changed, even though, and we'll get into it, NCU itself is going to have to restructure and reimagine itself. But just some basic things that I always thought when I ever dealt with regulators on The Hill, that there's a better way they could do that. And one thing that's about this job is you get to try and see if it can actually work.

Our budgeting process, we're spending other people's money. We're essentially a monopoly. And I made a point not of saying cut the budget, I said the process, because the way we did it lent itself to ever higher asks for more full-time employees, bigger departments, etc. right? And you have to have processes in place to counter that. If we think of a for-profit entity, a hotel, a restaurant, whatever it is, a software company, why do they do what they do, the way they do it? Well, the answer in some way or another is the profit motive. They think that will help them.

Why do they have certain decorations or why are they nice to you at a hotel? Maybe it'll fail, maybe it's the wrong answer, but why are they doing, what is motivating all of this? Is the profit motive, because the place won't exist without that. For a government entity, and this is true almost everywhere in the world, it has nothing to do with NCUA. If you don't have profit, how do you predict the way this animal will move, right? Paycheck, pension, power, publicity, prestige, and at some agencies you could add post-employment job opportunities. And in the long run, if you think of those as the North Stars, most government entities, their behavior will be predicted by that.

Jo Ann Barefoot: Say them again, the P's.

Kyle Hauptman: Paycheck, pension, which most workers of any kind want a paycheck. Power, publicity, prestige. Some people like exerting power, they like the title and the pomp that goes with it, they like it when they call you Mr. Chairman or what have you. You were a deputy comptroller once, right?

Jo Ann Barefoot: Yeah.

Kyle Hauptman: And then post-employment job opportunities. Remember, just by definition, the harsher the enforcement for breaking rules are, think of that as one axis, and then the harder it is to comply. Okay, that's the other axis. We have just figured out the market value for former regulators. Right?

Look at it this way. We have the most complicated tax code in the world and it's not a coincidence that our former IRS commissioners can make NBA NFL-type money, but in the countries with flat taxes or very simple tax codes, their version of the IRS commissioners are not that coveted. Not because we have ethics rules or shut the revolving door, there's just no market for them. I'm not going to pay you a million dollars to save me 50 bucks. But anyway, so that is, I think you can predict, right? And that goes to management, but it goes to structure. Right? If you're not subject to competitive market forces, and even nonprofits often are, right? You have donors you have to report to and everything. Government agencies, I think you have to know what this organism's incentive structure is.

Jo Ann Barefoot: And so where does that take us, in terms of how to be effective and [inaudible 00:06:54]?

Kyle Hauptman: Well, I noticed that like the budget process, the questions you ask can affect the answers you get. We would send around in the summer, a spreadsheet, and the most important thing is, there's a sale here, please return it with the number of new full-time employees you need. That's how the question is asked. So if you had 10 people, and let's say you thought you really ought to go down to nine because that's the right size, you have to go out of your way. You'd have to put a negative number in that box or something. It doesn't say how many do you need total in compared to what you have. And there's no downside to putting, I want double the people. I want more budget under me, because it's the department head, right? Remember I said power, publicity.

And there's no knock, whereas when I work in the private sector, if you ask for double the people and let's say you didn't get it, I should probably think about putting somebody else in your job because you already said you're not effective, you need double the people to be effective. Worst that happens if somebody else is effective. Or what would happen is, okay, you and my other colleague, you want the resources, you want the resources. You're both smart people and you both have good cases. Please argue in front of this department manager, tell her why you need the resources more than she does. Right? That's how it was. And there's an incentive to do more with less, and it's a little different in government.

So I don't knock individuals. I mean, plants are going to grow towards the sunlight. And so you have to change that to do anything. So when I say one of my goals is the budget process, is more towards sort of the private sector thing where doing the same job well with fewer dollars is good and you're rewarded for it, as much as we can here, right?

Jo Ann Barefoot: I think, I don't want to divert you from your point, but I think you're onto something that's so pervasive in the regulated industries in finance, that there's a tendency to equate commitment to regulatory compliance, for example, with headcount. And we know technology is making it possible to do more with less, but I can tell you, the industry is full of people who are worried about converting to a more efficient compliance technology because perhaps their examiner will think they're not committed to doing a good enough job.

Kyle Hauptman: Because it doesn't look like you've thrown a lot of bodies at it, it must not be important to you.

Jo Ann Barefoot: Exactly, yeah.

Kyle Hauptman: And the other part of it is the political system, which is one way to deal with an issue. You have to say you've created something in response. You say, "Senator or [inaudible 00:09:31], we've created a new department of whatever, I'm proud to announce." It may be duplicative, it could have been in another department so you don't have another department that exists on its own. You don't have another silo, but it is the nature of these things. People like signature achievements, right? And I think that's also across the world, politicians do, you want to have your announcement, right?

Jo Ann Barefoot: Yeah.

Kyle Hauptman: And you want to have some capital letter initiative or office. And that's what happens over time and then they tend not to go away. And I'm sure we'll get into it, the current downsizing we're doing, right-sizing, is an opportunity to reimagine it. Right? And said, if we had to do core competency only, would we have had all these branches growing off? And-

Jo Ann Barefoot: So you're thinking, reimagining other organizational structure and-

Kyle Hauptman: I don't want to forget your first, other points, goals for the agency, but we talk about tech a lot, you're a great thinker on tech issues. I'm proud that we went a different direction under the last administration on digital assets, and now we have more room to run on that. There's also been more time. We did not sign on to the interagency guidance that the Fed FDIC and OCC did, which I thought was harmful and a little bit pointless on digital assets, or at least way too all-encompassing. Right? So that's a priority. And we want us, our internal use of AI, humans want to use the best tool available for them at the time, that's why none of us took a horse today. And we don't want to overdo it and be an early adopter that pays too much for a bad product, but so tech is part of it too. I just want to make sure I got through some of the goals.

And then what I call true financial inclusion, people who want to keep their own credit union, because sometimes regulators, for understandable reasons, will kind of have a shotgun wedding, kind of, why don't you merge with somebody else because you're unstable? That is something we have to do sometimes, and we'll even pay money to do it sometimes because it's cheaper than bailing out all the account holders. But if they have a chance to keep their own, every credit union has a field of membership. Right? When I say it's sort of a nonprofit financial institution, one difference from banks, and they have a lot of restrictions that banks don't, but one is, you're supposed to have what's called FOM, field of membership, a commonality. Employers, church groups, geographic, Hancock County, Maine, right? They have to have some commonality and sometime, somewhere, somebody started that credit union that exists.

So anyway, true financial inclusion I think is making sure that the America's new immigrants have the same chance to start their own credit unions that the Poles did, the Italians did, the Slovaks did. Right? And a lot of agencies, as you know, and a lot of corporate entities, they say a lot of words about inclusion, but if you're making it any harder for someone to start their little credit union, which is going to be a very low-risk credit union from an insurance standpoint, then you got to re-examine, right? If it's one minute harder, if the process is longer than it has to be, if there's more forms, if it's bureaucratic, then to me that's financial inclusion. Right?

The first credit union in America was French Canadians who came over to New Hampshire and they started a French, it was a French Catholic Church, and Saint Mary's Credit Union still exists, and they started it because they did business in France. They were mill workers who came over, and a lot of them were ethnic in one way or another. Knights of Columbus, Italian-Americans, right? It's not an ethnic credit union, but it's fraternal organization, which is ethnic. Right? There are, I believe, nine Ukrainian-American credit unions, they've been fascinating to talk to the last couple of years, you might imagine. Anyway, so that matters to me. I've seen a lot of talk about inclusion and I say, but why are you making it so hard to start a new entity?

Jo Ann Barefoot: And is there an uptick in [inaudible 00:13:25]?

Kyle Hauptman: Yeah. It's a slog, but if we either save one that otherwise might've been merged away, or a new one, it's still one more than otherwise thanks to our efforts. Right?

Jo Ann Barefoot: Yeah.

Kyle Hauptman: I think I've mentioned, I went to New York, the Broadway industry, stage, they have their own credit union. Fascinating place, their headquarter is right there in the theater district. I went there for a meeting, there was an audition happening in the other room, and you go in there and the actor's union has a desk there so you can handle your union business because like the only way to get a pension in that business because you work on different productions. But you can contribute with each one through the, basically their 401K, right? Absolutely fascinating place, and the people behind the counter worked in Broadway or stage and they understood in a way that nobody else did, finding good credit risks. They knew that in COVID, right? A lot of shows went dark. They understood that, they lived it.

They had a term Lion King loans, like how important the Lion King was to reopening because they had car loans and all this other stuff, personal loans. And then when somebody came in and wants to get a car loan and they have 10 different, 1099s or W-2s from last year, you would indisputably get denied from a big bank. And we understand it, you don't have stable employment. You have 10 different sources of income last year. It looks like you can't keep a job, but they know that means you're actually employable. You worked on all these different productions around town, and so that's a good credit risk. And if there weren't for a unique field of membership credit union, the country would be worse off, and that person getting that car loan and making that profitable car loan would all be worse off. So that's what I mean by inclusion. The people should have their own niches that they understand.

Jo Ann Barefoot: You and I spoke together on a panel last fall at Money 2020, and our topic was the smaller providers and the risks that they are facing, and the credit unions overwhelmingly are small institutions.

Kyle Hauptman: 100%.

Jo Ann Barefoot: And so are most banks, as you said, all but a handful of banks are small. And yeah, the future of these kinds of institutions and their unique ability to understand the market they're in and take a look at a risk differently from what we might get from an algorithm, I think it's really important.

I want to ask you, I know we're going to have finite time. You touched on both AI and digital assets, and let's start with digital assets, because as you mentioned, you've been, the NCUA has been less restrictive than the bank regulators have been in that realm. And you hosted a roundtable on digital assets that I was able to join recently, and you also hosted one on AI. I was taken by the variety of kinds of things that credit unions are doing with both of those technologies.

Kyle Hauptman: I thought so too.

Jo Ann Barefoot: Can you speak to that at all?

Kyle Hauptman: By the way, you are the only person who's not an NCUA employee that attended both.

Jo Ann Barefoot: Oh, well, I feel sorry for all the people who [inaudible 00:16:33].

Kyle Hauptman: Yeah, we were happy to have you.

Jo Ann Barefoot: It was great.

Kyle Hauptman: But keep in mind, most of the... Just to review, the roundtables are a room of, we had 30-something people. It's a mix of credit union executives and then for lack of a better term, vendors, okay? And I'm glad people appreciate I did something different. I do this every year, right? My main takeaway, because I do the same thing every 12 months, first week of March. Was in 12 months, how much had changed. I spoke to most of the same people in the same place 12 months earlier, and there'd been such a delta in how far people had gone.

But for the crypto one or digital assets, we called it, credit unions and blockchain, because of the environment we're in, change in the administration, and in my opinion, America had sort of fumbling the football on an industry that we could do very well in. Right, Jo Ann? I think we both agree that America's very good at monetizing innovation. I don't care if we invent it, that's cool too, but to work, you want to be in a place that monetizes it. We've been very good at it. We crushed it with the internet, we crushed it with mobile, social media. Anyway, we had policymakers there from FDIC, SEC, Treasury, other people, and in the digital assets discussion, and I thought was helpful. But yeah, that's my takeaway is 12 months, how much had changed.

On the digital asset side, some of the tone was because of political change, but AI in particular, that wasn't really influenced too much by the political system. The neat stuff, we had doing a HELOC in seven days, and that's what I always want to hear. Cut to the chase. What is, for a normal person who doesn't even know or see a technology on the back end, how does it make their life better? And it's remarkable.

Jo Ann Barefoot: Yeah. I was very, very struck by it, by the uptake and again, variety of kinds of things people were using both [inaudible 00:18:29] for.

Kyle Hauptman: The inclusion angle. You can now speak other languages and have loan docs and be pretty good at it. It's remarkable.

Jo Ann Barefoot: You don't have to answer this if you don't care to, but have you got any lessons that maybe you've drawn from your crypto experience that might be interesting to share with other regulators who have had less hands-on with it?

Kyle Hauptman: Well, I have to admit that for about four years there, where we went one direction, everyone else went the other. I felt extra pressure because if something went wrong at sea, told you, you're off by yourself. Didn't have safety in numbers, right? Say, oh, it's not a credit union problem, that's just whatever problem we're talking about, whatever thing went south. And so, that's gone away. I can tell you that I took a risk, pushed our agency to a three-person board, the chair was a Democrat, and we negotiated and got stuff done and he voted for, it was just guidance letter. Why was the things we put out, just guidance letters instead of a rulemaking? Because none of it broke a rule. That's why it wasn't a rulemaking. It's just doing the same stuff.

So anyway, what I would say to other regulators is, one, I took a risk and I survived for now, but I'm aware that you're sometimes a victim of circumstance. If there's an epic downturn, it's not... But what I would say is, try to get the people to speak regulator and know that. Meaning, frame it in your interest, right? I am an insurer above all things. I have one very explicit goal. It's one thing I like about this job, it's very clear. Don't lose a lot of money from the share insurance fund. Right? Just like every insurer, Aetna, Allstate, you like taking money in and you don't like writing big checks out. And in our case, if we exhausted the 23 billion, we'd have to go to the taxpayer and my career, I would have to go be a social media influencer or something because you lost all the money in the insurance fund, you're obviously not very good at it.

But is, don't get all excited about the technology I know you are, whether you're a vendor or you're an executive at a financial institution. Talk to the regulator about the words they need. This is going to help decrease defaults. That's good, right? You're not going to understand technology, and most people don't. Do you actually know how your smartphone works? Could you write the apps yourself? I couldn't. I don't need to know either. I still don't really know how the internet works. I know I hit a button. You get an email thousands of miles away in seconds, right? I don't need to know. So, but talk regulator, talk their language, is what I would say. And try to say, "Come to us." I say, listen, my examiners at NCUA are going to go in there and if you get too geeked out on the tech, they're going to get nervous because none of us likes feeling like we're agreeing or signing off on something we don't really understand. Right? Meanwhile, none of us, most of us couldn't make the mobile apps they're already using. We don't understand that either.

But cut to the chase. This will reduce defaults, this will allow better lending. This will reduce onboarding time and cut costs. Those are words we like. We like lower costs, we like more revenue for identification, etc. This is a fraud reduction tool. Oh, that's good. Okay. It'll so much easier to comply with our BSA AML rules. Now your regulator's not in your head. The tech behind it, okay, do most of us know how the tech we use already really works? No, but that's what I would say is, cut to that. You can get into the details if they want to, they can bring in the partner you're working with, but go to that, that you're not the system. Don't use any tech language.

We always say, if you had to go back 20 years ago, Jo Ann, and speak to yourself back then about what a smartphone was. Even if you... you wouldn't go into, well, there's satellites and then there's 5G and there's spectrum. No, you would say, you know how it was awful when it was raining and you couldn't get a cab and you had to stand out there? Now I hit a button and a guy in a Kia Forte comes and picks me up and I can see where they are. That's cool. Stop right there. That's what you'd say, and that's my lesson, that's what I would say to regulators. Cut to the point of it. For a regulator, we like lower costs, we like higher revenue. We like complying with BSA AML, right?

Jo Ann Barefoot: Yeah.

Kyle Hauptman: You're helping my career, not just theirs.

Jo Ann Barefoot: That takes me actually to thinking about the relationship between credit unions and FinTech partners or FinTech vendors. This has been an area that's been challenging for bank regulators and for you all at the NCUA in terms of, what are the risks? There's a lot of concern about the risks of those relationships, but also a lot of huge potential for both parties to benefit and specifically for smaller financial institutions that are not going to be able to invent, like new tech.

Kyle Hauptman: Almost no credit union builds, they buy.

Jo Ann Barefoot: Yeah. So, how are you thinking about that? And also, are the credit unions where they want to be in terms of those relationships? A lot of the vendors think more about banks maybe than credit unions.

Kyle Hauptman: Yeah, it's going to change a lot. So number one, yes, people think about banks, they know what they are. Even in America, I have to explain what NCUA is, and that matters because credit unions are operating with different regulator and different insurer. But what the bank regulators did in the last administration wound up, I think it hurt credit unions, even though they're not subject to it, because it drove entire operators out of the market because the credit union market for certain things wasn't big enough. I call credit unions the left-handers of the system, they're about 10%, right? You know who can't be a pain at work with? The 10%, right? If you're left-handed out there and listening to this, the people who make scissors or golf clubs are not against you, they're just catering to the 90% of the market, just like everybody would in any market.

So there were some partnerships that credit unions did that they had to just collapse, and the vendors said, "We're just leaving that business," right? Because if we had as much penetration with banks as we do with credit unions, that business model works, our investors are happy with that. But they're so scared, the banks, our whole business model doesn't work anymore. So it left credit unions high and dry, and they had to tell people, "We don't have that service," and that sort of thing. So that did affect them, but yeah.

Jo Ann Barefoot: What's the solution for enabling these kinds of relationships in ways that are going to be-

Kyle Hauptman: Well, I would just back up and say the risk. You have to feel that there's a massive risk of not innovating.

Jo Ann Barefoot: Yeah, yeah.

Kyle Hauptman: 30 years ago, 1995, the way we do financials is unrecognizable back then. So I don't know what it's going to be 30 years from now, but I think we agree it will be unrecognizable from right now. We won't even use the same phrasings. Right? Have you ever tried to talk to a young person about how you had to return a movie? Even if they're fluent in English, they know what those words mean.

Jo Ann Barefoot: Or dial the phone.

Kyle Hauptman: Yes, dial. And then just like that, they know English. I know what a dial is. I could, right? And you just return a movie. Wait, how do you return it? To who? Where? What does that even mean? The phrasing doesn't make sense, and that's what's going to happen. We know that. So start with that premise that that's the risk. You will indisputably slam into the iceberg called non-innovation. Okay? Start there, that's a risk.

So now you're weighing that against various things you do, and all new technology that's widespread comes with massive negatives. It's always been true. There were zero plane crashes before we had planes, not a one. You can read the entire Old Testament and New Testament, you will not find one internet virus, you will not find ransomware, you will not find an auto accident, you won't find a plane fatality. Okay, so there's going to be those problems, right? That's why it was a little scary during those four years when NCUA was off alone, because those will be Kyle's problems, NCUA's problems, rather than broader ones. Right? And we didn't have any major fiascos, thankfully. But they're going to happen, but you have to compare that to not innovating.

It may be a slow death, but like we said at that AI roundtable, if somebody said they did a home equity loan, it used to be 30 days from this and they got it done in seven, same quality loan. Well, okay, if your credit union doesn't offer that, you don't need... The market's going to let you know very quickly because you're going to lose out to the people that offer the same thing quicker. It's a better user experience, right? So it doesn't matter whether you do that or not, things that are better are going to happen. So to me, that's the, you don't have to be pro-innovation, you have to be pro-letting people closest to it make their own decisions. It's a very American view, right?

And you don't have to crypto or know about it. You just have to know that people making their own decisions who have the correct cost benefit are usually going to do better. Fully aware, as you and I know, that every gold rush, AI, crypto, you and I remember the first dotcom boom. There's going to be wildly overvalued assets. Every con artist is going to come out of the woodwork and use the new thing to try to make money. That's always been true. It happens with AI, but at the end of the day, there's flat out useful things.

Jo Ann Barefoot: Yeah. We did have the dotcom bubble and bust, but we do still use the internet, right, yeah.

Kyle Hauptman: Right, and if all you knew was cnbc.com stocks, yeah.

Jo Ann Barefoot: This point that you're making on the risk of not innovating, our listeners know this about me, and you mentioned I'm a former regulator myself. So I'm not critical of the regulators, that they've got a really hard job to do. But we do have a regulatory system in finance that is built mainly to be managing risk.

Kyle Hauptman: That's right.

Jo Ann Barefoot: And not enabling the capture of opportunity anywhere near as much, it's not in the mindset and the culture. And my own view, and again our listeners have heard me say this many times, is we're going to have to find ways for regulators to be faster and adapting to the innovation around things.

Kyle Hauptman: Yes.

Jo Ann Barefoot: Open to allowing things on-

Kyle Hauptman: It goes back to the incentive structure.

Jo Ann Barefoot: Yeah. Do you have any other insights on what could be done to meet that challenge?

Kyle Hauptman: Well, like we said, plants are going to grow towards the sunlight. As long as... Let's say my attitude towards it, where I know there's going to be errors.

Now I always keep in mind, tell the credit unions, "Please, please, please, make $5 mistakes, not $5 billion mistakes. Test it. Do test transactions, make sure it settles," right? But let's say what we're doing here somehow raises US GDP by 0.1%, right? We bring people who would otherwise be poor or marginalized into it, they make money, good loans. Let's say that, right? They're using AI and they're doing services, and let's say we do that. I'm never going to get a medal or even if you could prove that, which would be very hard to do, there's no attaboy for me. I'm not going to get a medal or a raise or a bonus or something. But if something goes wrong, wait, who was in charge of them? Who was their examiner? We saw that with Silicon Valley Bank. I'm not here to say I would've done any better or judge anybody, but as long as that's your incentive structure and as long as it's heads, you get a cookie, tails, you get shot in the face, it's fairly obvious. And it's hard to prove what wouldn't have happened otherwise.

But anyway, it would be nice if the political system had ways to incentivize that sort of thing, because the slow death we worry about, depository institutions, if they can't compete, that's going to happen. Right?

Jo Ann Barefoot: I agree with you.

Kyle Hauptman: And you're not going to have a third party necessarily involved when I send you money or I send my HOA money. And they can compete, they have for a long time, financial institutions have done the same things for thousands of years, it's just how they do it. That I said when I started, I don't want to see credit unions become Blockbuster Video because their regulator wouldn't let them compete. If the Defy people are right and none of... Okay, that's fine, that can happen, but I don't want it to be because the regulator wouldn't let them compete. And it won't necessarily be a dramatic death, it'll be slow.

Jo Ann Barefoot: Yeah, yeah, it'll sneak up on people. I know we only have a couple minutes left. There's so much more we could talk about. What else would you like to add before we wrap up?

Kyle Hauptman: If you'd asked me this a year ago or even six months ago, I'd have a different final thought. But because of when we're doing this, spring of 2025, there's a lot of rumors out there, a lot of noise. I want people to know that the American deposit insurance, federal government, it's been almost 100 years now. By all accounts, is here to stay, not aware of any plans to get rid of it. Nobody out there who has money and an FDIC insured bank or NCUA insured credit unions should be concerned, or they have a car loan with them, if you work at one. Life goes on, we are continuing to examine our 4,000 something credit loans. We are insuring two trillion in deposits, and we will continue to do so. There's no plans that I'm aware of to eliminate this agency or remove it.

We are doing cost reductions. We have currently open right now, we have about a four-week period where we have some voluntary separation, early retirement programs. Happens in corporate America every day, buyout programs and that kind of thing. And we're going to have cost reductions, and we got a lot of smart people focused on all these ways to change the job. Now, keep in mind, we're just going, let's say we're 1,218 employees. Let's say we go to 950 after all this, I'm just picking a number. There are plenty of people who work at this agency for a long time that were here when we were 950 people. This is not crazy. It was 15 years ago, right? I got stuff in the fridge that long. But we're doing it in a thoughtful way.

We know that you can't try to do the exact same work at the exact same time, the exact same way with just 20% fewer people. It doesn't work. It's not fair that people do it, you're not going to be effective. Right? We're trying to figure out what's mission-critical. We're going to change who does what, how often. But this agency is functioning, we're using this opportunity like a lot of downsizing to change how we do things. Some processes that were clunky, that were taking too much time, and I put out an internal call, and we have an anonymous way to do it too if somebody wants an idea, like a suggestion box. If it's a mouse click, right?

Our computers, you probably are familiar with a PIV card, which you physically insert into your laptop, right? That's how it knows it's you. And this is just a minor example, but before I was chair, you had to open up your computer and it has username, password, which you could type in. I've never done it, nobody does that. But then you click on a little icon that says, "No, I'm using the PIV card," right? PIV is personal identification something, and you click and then you put in your PIN. Okay?

Now, since the computer already knows that there's a PIV card in it, when I boot it up or I do control-alt-delete when it's asleep, it goes right to the PIN screen. I don't have to tell it, no, I'm using... No one ever did the username, password. I don't even know how to do it. You did that? So our CIO said it's over a million something mouse clicks a year. Okay? Multiply that times every other process, right? And it's an opportunity to say we should have done that anyway, there was absolutely no point to it, it achieved absolutely nothing. Our time card situation, I have a lot of internal things, but sorry, my takeaway, there you go.

NCUA is continuing on with business. I personally, Kyle Hauptman, have never heard of any plan to eliminate this agency or get rid of it. Deposit insurance is not something anybody wants to mess with, and that's just the message I want to leave now for the portion of your audience that is American and may be interested in these things. I speak with the FDIC chair and the other regulatory agencies. They don't think they're merging with us or anything, at least right now, so nobody knows. That's the message.

Jo Ann Barefoot: That's fantastic. I cannot thank you enough. Kyle Hauptman, thank you for being with us today.

Kyle Hauptman: Always a pleasure.

Jo Ann Barefoot: Very, very grateful.