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**Statement by
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Office of Examination and Insurance
before the U.S. House of Representatives
Committee on House Financial Services
Subcommittee on Digital Assets, Financial Inclusion, and Artificial Intelligence
Innovation at the Speed of Markets: How Regulators Keep Pace with Technology
March 26, 2026**

CONTENTS

Introduction3

Background3

Financial Innovation and Artificial Intelligence in Credit Unions4

Integrating Financial Technology Expertise into the Supervisory Program.....5

Modernizing Supervisory Tools and Practices5

Implementing the GENIUS Act.....6

Conclusion6

INTRODUCTION

Chairman Steil, Ranking Member Lynch, and members of the subcommittee, thank you for inviting me to discuss the efforts of the National Credit Union Administration (NCUA) to encourage innovation in financial technology. I am Amanda Parkhill, Acting Director of NCUA's Office of Examination and Insurance.

BACKGROUND

NCUA's mission is to enable access to financial services by facilitating safe, sound, and resilient credit unions. In meeting this mission, NCUA is aware that overregulation can stifle innovation and growth. Last December, NCUA launched the NCUA Deregulation Project – a long-term initiative aimed at methodically reviewing all regulations and revising them as needed, with the initial focus on any that are obsolete, duplicative of statute, intended to serve as guidance, or unduly burdensome. NCUA currently has 15 Notices of Proposed Rulemaking available for public comment in the Federal Register.

NCUA is distinct among our fellow regulators because it serves as both a regulator and insurer. There are approximately 4,300 federally insured credit unions that serve 145 million members – this includes over 2,600 federally chartered credit unions and nearly 1,600 state-chartered credit unions.

The credit union movement began as a grassroots effort to expand financial services and credit to those with limited access organized around shared employment, occupational, or associational (community) bonds. As cooperatives, credit unions are well positioned to embrace the spirit of innovation – finding new ways to maximize efficiencies, pool resources, and meet the specific needs of their members. Additionally, credit unions have long understood the connection between financial technology and financial inclusion.

FINANCIAL INNOVATION AND ARTIFICIAL INTELLIGENCE IN CREDIT UNIONS

Credit unions have a long history of embracing technologies that enhance member experience and service quality and have expanded into using AI powered tools- including automated loan underwriting, virtual assistants for member service, and fraud detection software.

The financial services industry is evolving rapidly with advances in AI, blockchain, and digital assets. As credit unions evaluate, implement, and manage various technologies, NCUA recognizes the importance of supporting them in these endeavors. To that end, the agency added an [AI Resources page](#) to our website in August 2025.

This webpage provides resources on AI-specific risk management considerations to help credit unions make informed decisions when implementing AI or partnering with AI service providers. Specifically, the webpage includes use cases, AI implementation, risk management, data security, and cybersecurity risks.

Through various formal and informal methods, stakeholders continue to provide feedback to NCUA on the practical challenges facing credit unions as they seek to adopt new technologies. Issues raised include such things as inconsistent interpretation of regulatory guidance, the burden that due diligence requirements can place on smaller firms, restrictive long-term contracts with service providers, and limited API access that can make integration difficult for smaller institutions. These insights are informing NCUA's broader efforts, including our ongoing work to ensure that the agency's regulatory framework supports responsible innovation.

INTEGRATING FINANCIAL TECHNOLOGY EXPERTISE INTO THE SUPERVISORY PROGRAM

In December 2024, the NCUA Board voted to more directly integrate financial technology expertise into the agency's examination and supervision program - a key component of safeguarding the Share Insurance Fund.

This realignment reflected a fundamental recognition: as financial technology becomes increasingly central to credit union operations, our supervisory approach must evolve in parallel. As credit unions explore technologies ranging from artificial intelligence to distributed ledger solutions, our supervisory staff must be equipped to assess both the opportunities and the risks these technologies present. The realignment positions NCUA to better equip our workforce to effectively supervise our regulated entities.

MODERNIZING SUPERVISORY TOOLS AND PRACTICES

Beyond supervising how credit unions adopt technology, NCUA is also exploring how technology can enhance our own operations. NCUA is currently using artificial intelligence for content generation, to flag anomalies in Call Report data submissions, forecast loan performance to support risk analysis, identify credit unions with elevated risk, and enhance cybersecurity operations.

NCUA is also evaluating opportunities through the General Services Administration's USAi shared services, which provides federal agencies with access to multiple AI models in a FedRAMP-secured environment. An internal working group is assessing the various tools, including estimated costs, use cases, and security and privacy considerations. These collaborative efforts will inform our strategy and decisions about deploying additional AI capabilities.

IMPLEMENTING THE GENIUS ACT

The GENIUS Act establishes a comprehensive regulatory framework for payment stablecoins. Under the framework, federally insured credit unions may issue payment stablecoins through a subsidiary, subject to NCUA licensing, governance standards, reserve requirements, and anti-money laundering controls.

NCUA has moved promptly alongside our fellow regulators to implement this law. On February 11, 2026, we published a Notice of Proposed Rulemaking establishing the application requirements for credit unions and their subsidiaries seeking approval to become permitted payment stablecoin issuers. The comment period on this proposed rule closes on April 13, 2026, and we welcome input from all stakeholders as we develop this framework.

A forthcoming rulemaking will address issuer standards, including reserves, capital, liquidity, and risk management requirements. We are working towards meeting Congress's rulemaking deadline, ensuring that credit unions are not at a disadvantage in timing or standards relative to other financial institutions.

CONCLUSION

Thank you again for the invitation to testify about the NCUA's efforts to foster financial innovation. I look forward to your questions.