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June 4, 2026

**Statement by**  
**The Honorable Kyle S. Hauptman**  
**Chairman, National Credit Union Administration**  
**before the U.S. House**  
**Committee on Financial Services**

**Oversight of Prudential Regulators**

**June 4, 2026**

## INTRODUCTORY REMARKS

Chairman Hill, Ranking Member Waters, and members of the committee, thank you for the opportunity to appear before you today to discuss the National Credit Union Administration (NCUA). As the current Chair, I remain dedicated to serving in this role, and no other, until my successor is confirmed. President Trump has nominated Mr. John Crews to the NCUA Board; he is a seasoned and committed leader with a track record of balancing innovation and safety—in other words, well-suited for the role. I am confident that Mr. Crews will further strengthen the agency, and I wish him the best as he moves through the Senate confirmation process.

Over the past year, NCUA has experienced significant changes. My primary goals as Chairman have been to leave NCUA ready to embrace the future, supporting a robust and innovative credit union industry, and protecting the National Credit Union Share Insurance Fund through effective, appropriate supervision that is focused on material risks. I have pursued these goals by championing regulatory improvements, embracing innovations like stablecoins, and improving customer service.

As digital currency and stablecoins reshape the global financial system, credit unions have an opportunity to embrace this transformation from a solid foundation of safety and soundness. Stablecoins can make payments faster, cheaper, and more inclusive.

On May 15, 2026, we announced a proposed rulemaking for permitted payment stablecoin issuer standards, our second rulemaking required under the GENIUS Act. This proposed rule puts credit unions on equal footing with banks.

Credit unions are well poised to benefit from this long-overdue update to America's payment ecosystem. As stablecoins are more widely adopted, we Americans may no longer be made fun of for speaking about how many "business days" a payment will take to settle. Every day is a business day with stablecoins. All 365 days of the year, and all 24 hours of the day are equal in terms of sending payments. Tax refunds may eventually arrive on Sundays or holidays. And if we ever have a repeat of the COVID outbreak in March 2020, Americans should be able to receive emergency stimulus funds in a more timely and secure manner.

Beyond the consumer benefits, the big picture benefit of stablecoins is maintaining the US dollar's global status. The GENIUS Act should stimulate demand for Treasuries, thereby lowering borrowing costs for both the US government and consumers. Even repo rates on Treasuries may fall, all else being equal, given that the GENIUS Act allows for investing in Treasury reverse-repos, and Treasuries are more attractive when they can be used to obtain cheap financing.

And for all the debate about the effect on deposits held at our domestic banks and credit unions, a large portion of the money expected to flow into stablecoins is expected to come from abroad. Over 80 percent of existing dollar stablecoin usage is outside the US. When most Americans use the phrase "dollar stablecoins," we tend to focus on the 'stablecoin' part, because stablecoins are a much better settlement token. Transactions are easier but they only work if they are indeed stable

and interchangeable with US dollars. But for those abroad, the “dollar” part of “dollar stablecoin” is just as important.

We, as Americans, may have gotten so used to the dollar’s global dominance that we don’t notice what an advantage we have: just ask the British what it’s like to lose reserve currency status.

But the GENIUS Act and dollar-denominated stablecoins are ways of striking back against those in Beijing, Tehran, or Moscow who continually push for the US dollar to become less important, less ubiquitous, and less useful. Thus, I’m pleased to be working with my colleagues here at this table to do our part in this important effort.

Turning to the financial literacy efforts that are a big focus of the Administration’s 250th anniversary. Last month, I joined my colleagues at this table for a Financial Literacy event hosted by the OCC. The event was a wonderful opportunity to hear how banks and credit unions of all sizes empower people and their communities by educating people of all ages, from the elderly to kids in kindergarten. I spoke about how financial security is essentially an amazing product, and one that can be purchased on the open market via saving and investing.

Today, approximately 4,300 credit unions serve over 145 million members and manage more than \$2 trillion in assets. The credit union industry continues to balance innovation, access, and safety and soundness for their members, and the system is resilient.

As of December 31, 2025, the aggregate net worth ratio—which is how credit unions refer to capital levels—was strong at 11.3 percent, slightly higher than the year prior, and asset growth was a relatively solid 5.4 percent in the fourth quarter of 2025, up from 2.3 percent a year earlier. From a safety and soundness perspective, the system is in a good place.

And finally, given that my successor has been announced and this is likely my last appearance before this committee, I’d be remiss without making one final point about the importance of small banks and credit unions. Regulation falls hardest on the smaller institutions, yet we’re a better, more prosperous country because of the unique American financial system that still contains over 8000 banks and credit unions. Many of them serve niche communities and industries in a way that no one else does, but laws and regulations are often written as if all of them can afford expensive compliance departments. We, as government employees, may not personally need these niche services, but we don’t want America to look like Canada or other countries dominated by four or five big banks.

If all we had in this country was the four big mega-banks, it would probably be just fine if you have steady employment from a W-2 job, direct deposit, a solid credit history and nothing about your life creates extra compliance work or reports to FinCEN. That type of person sounds a lot like a federal employee. And it’s folks like us who write the rules, sometimes oblivious to how they land in various corners of this country.

From the first credit union, founded in New Hampshire for millworkers from Quebec who did business in French, to the small banks today that serve the soybean or potato industries, we’re a wealthier, more secure country because Americans have so many banking choices.

Now obviously I, as a deposit insurer, have a vested interest in a diversified portfolio of insurance risks; it doesn't help NCUA if credit unions all look like each other. But as an American, I felt the need to make a broad point today about preserving our unique, diversified banking system.

Thank you, Mr. Chairman. I look forward to the Committee's questions.

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## STATE OF THE CREDIT UNION SYSTEM

Overall, the credit union system remains strong. NCUA is closely monitoring some indicators of potential stresses on credit union performance, including an increase in loan portfolio delinquencies.

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### Credit Union System Performance

As of December 31, 2025, the aggregate net worth ratio of federally insured credit unions was strong at 11.26 percent, 19 basis points higher than a year earlier. Year-over-year asset growth was a relatively solid 5.4 percent in the fourth quarter of 2025, up from 2.3 percent a year earlier.

The credit union system's total assets were \$2.4 trillion in the fourth quarter of 2025, while total outstanding loans were \$1.7 trillion. Year-over-year share growth strengthened from 4.2 percent in the fourth quarter of 2024 to 5.5 percent in the fourth quarter of 2025.

The industry's return on average assets improved compared with a year earlier and remains sound at 0.79 percent. The net interest margin increased year-over-year due to an increase in loan yield. Credit loss reserving expense was unchanged from a year earlier at an elevated level but remains manageable.

Credit union loan performance data indicate some consumer financial stress. The delinquency rate for total loans and leases continued to rise on a four-quarter basis, increasing 5 basis points to 1.03 percent as of the fourth quarter of 2025. The rolling 12-month net charge-off rate was slightly lower than its year-earlier level at 0.78 percent. However, it remained close to its first-quarter peak of 0.82 percent, which was the highest reading since late 2011, when consumers were recovering from the Great Recession.

The CAMELS rating system is used by financial regulators to guide allocation of resources in the supervision of federally insured credit unions based on six measures: capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk. The lower the CAMELS rating, the stronger the credit union. As of the fourth quarter of 2025, 82 percent of federally insured credit unions (3,527 credit unions) have a composite CAMELS rating of 1 or 2.

The credit union system remains strong, and credit unions are able to support their members' borrowing needs, which is evidenced in data on credit union mortgage lending.

Credit union mortgage lending strengthened over the year ending in the fourth quarter of 2025 compared with the same period a year earlier. While recent growth in credit union mortgage loan balances is still somewhat below pre-pandemic rates of increase—largely a reflection of weak home sales—credit unions have been successful in growing their mortgage loan books relative to other lenders.

The commercial real estate sector continues to show signs of stress, due in part to interest rates and occupancy levels. While the credit union system's exposure to commercial real estate lending is low, NCUA continues to monitor individual credit unions with material exposure in this area.

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## Share Insurance Fund Performance

Backed by the full faith and credit of the United States, the Share Insurance Fund provides insurance coverage of up to \$250,000 for individual accounts at federally insured credit unions. As of December 31, 2025, the Share Insurance Fund insured \$1.86 trillion in total share deposits (the credit union version of bank deposits). Notably, the Share Insurance Fund protects about 90 percent of total share deposits in the credit union system. In comparison, uninsured shares equaled nearly \$206 billion as of December 31, 2025, or 10 percent of total shares.

As of December 31, 2025, the Share Insurance Fund reported a year-to-date net income of \$376 million and a net position of \$23.9 billion. The equity ratio as of December 31, 2025, was sound at 1.3 percent, slightly below the 1.33 percent normal operating level target set by the NCUA Board.<sup>1</sup> As of December 31, 2025, the Share Insurance Fund's overnight investments balance was \$4.5 billion. The NCUA Board continues to prioritize safety and liquidity in the Share Insurance Fund.

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## State of the Central Liquidity Facility

NCUA's Central Liquidity Facility (CLF) supports a participating credit union's ability to manage liquidity risk in all economic environments, especially during times of systemic stress and reduced liquidity. The CLF has 449 credit union members, providing \$23 billion in lending capacity to its members, which purchase stock in the CLF. These credit unions range in asset size from less than \$1 million to more than \$20 billion. The CLF helps protect nearly \$420 billion in credit union members' assets.

Under NCUA's regulations, credit unions with assets of \$250 million or more are required to maintain access to a contingent federal liquidity source—the CLF, the Federal Reserve's Discount Window, or both—as part of their contingency funding plan. Credit unions with less than \$250 million in assets are not required to have membership with a contingent federal liquidity source; however, they must identify external sources of liquidity as part of their policies or contingency funding plan.

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<sup>1</sup> The equity ratio is the overall capitalization of the Share Insurance Fund to protect against unexpected losses from the failure of credit unions. When the equity ratio falls below 1.20 percent or is projected to fall below 1.20 percent within six months, the Federal Credit Union Act requires the NCUA Board to assess a premium or develop a restoration plan for the fund. When the equity ratio exceeds the normal operating level and the available assets ratio exceeds 1.00 percent at year-end, the Share Insurance Fund pays a distribution.

Agent members of the CLF are corporate credit unions that act as intermediaries for the CLF, providing access to the CLF's liquidity for natural person credit unions within their networks. These corporate credit unions manage the capital stock subscriptions and liquidity needs on behalf of their member credit unions, which are not direct members of the CLF. This arrangement allows the CLF to extend loans to more credit unions, bolstering the stability of the broader credit union system, especially for smaller credit unions.

## STATE OF NCUA

NCUA continues to advance its organizational and workforce transformation in full compliance with Executive Orders, and OPM guidance, and statute. Last year, the agency implemented a voluntary separation program that resulted in a 23 percent reduction in workforce, positioning NCUA for a leaner and more agile future.

The agency remains committed to ongoing strategic restructuring, with the reorganization process actively underway and targeted for completion by December 2027. As part of this transition, NCUA has offered—and continues to offer—temporary promotions to address critical vacancies and maintain operational continuity. All efforts are conducted in strict adherence to Executive Orders and OPM guidance.

Operational improvements include simplifying policies, refining processes, aligning staff with strategic priorities, and modernizing tools and technology. The 2026 budget has authorized 23 new hires to support NCUA's ongoing transformation. As we eliminate redundancies and strengthen our core mission, we remain dedicated to ensuring a stable and strategic future for both our workforce and the organization.

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## Strategic Planning

Every four years, NCUA develops a comprehensive strategic plan that serves as a roadmap for the agency's priorities and initiatives for the next five years. The plan we finalized earlier this year also aligns with the [President's Management Agenda](#), which sets priorities for the entirety of the executive branch. The [2026 Annual Performance Plan](#) outlines NCUA's specific performance targets and objectives for the first year of the of the [2026-2030 NCUA Strategic Plan](#). The annual plan breaks down the broader, longer-term vision into actionable goals, detailing measurable outcomes and key performance indicators that help track the agency's progress.

By aligning daily operations with strategic priorities, NCUA ensures its resources are focused on enhancing credit union safety and soundness, fostering consumer protection, and promoting financial stability. Regular assessment of these outcomes enables the agency to adjust strategies as needed, maintain accountability, and demonstrate the impact of its work.