



## **PRESS RELEASE**

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### **Co-Ops for Change Interviews Credit Union Leaders On What's Needed in A Cooperative Regulator**

*First podcast with CU\*Answers' Randy Karnes; next is Wright-Patt CEO Doug Fecher*

**WASHINGTON, D.C.** (May 7, 2013) – Co-Ops for Change's podcast series featuring credit union leaders who discuss their views about current regulatory practices continues with the focus of getting an ROI on credit unions' regulatory investment. The second podcast, available next week, features Doug Fecher, President/CEO of Wright-Patt Credit Union, who recently served on a panel testifying before the Senate Banking Committee's subcommittee on financial institutions and consumer protection regarding potential Consumer Financial Protection Bureau rules.

In the first [podcast](#), Callahan & Associates' Chairman and Co-Ops for Change Founder Chip Filson sat down with CU\*Answers CEO Randy Karnes to discuss imperatives for cooperative regulatory leadership.

According to Karnes, some in the industry tend to think that wanting to influence the regulatory process means wanting to arrange special treatment, rather than helping with the design.

“But this effort isn't about making an “industry-friendly” regulator; it's about making sure the regulator recognizes the unique design of credit unions over other financial service models,” said Karnes. “It's about how any board influences the tone of an organization, the public's perception and the branding. It isn't for us to always be in step with the NCUA; but without a strong brand for our regulator, our industry's reputation is not *raised*. When we don't speak up about what worries regulators in the relationship between strategy and tactics, the credit union brand becomes weaker.”

Why it matters, Filson says, is that the credit union brand – in terms of the regulator understanding and responding to the cooperative model – is a key aspect of the industry's self confidence and mutual trust. And, he says, it's also about public confidence.

“Credit unions have a tax exemption. This year and probably for years to come, the question will be asked, ‘Why does this increasingly successful industry deserve a tax exemption?’” said Filson.

(more)

“Part of our brand is the unique role credit unions play – not just in a crisis, but also in “normal times.” The consumer public is looking for an alternative that will act in their interest. Credit unions do that day in and day out. But that’s not the message you would get from the regulatory community.”

Karnes agrees, explaining it’s vital for the NCUA to understand the need to be expert at oversight of cooperatively designed financial organizations. This means not regulating credit unions like banks but understanding and acting on credit unions’ cooperative difference.

“Whether it be social mission, investing in economic communities or simply to excel at returns, as a cooperative, the credit union’s consumer-owners get to choose,” he said. “The NCUA should say, ‘We’ve got to be diverse. These cooperatives have a lot of reasons to be in business. However they all use the same framework, which is customers wanting to be member-owners.’”

Filson says he believes the industry is facing a defining moment. Coming out of the financial crisis has resulted in concerns about risk and risk management that have changed the nature of leadership – not only in the Agency, but also in credit unions. An over-cautious approach could result in missed possibilities.

“Most CEOs today are more risk-conscious and boards more risk-adverse,” he said. “There’s an increased desire to run with the pack as opposed to being out front on issues. But the cooperative model has an innate capacity for change. It takes a long view in terms of return; so while there’s been some reluctance, opportunities are in front of credit unions in virtually every market.”

But, said Filson, to act on these opportunities takes creative thinking on the part of the regulator, as well as the industry.

“Everyone knows Fannie and Freddie are going to change into something else,” he said. “The private-sector options will become more important, reducing the role government has had in housing. There needs to be a cooperative solution, not just a access through secondary market sales dictated by private-market solutions. We need to get back our cooperative confidence and a *joie de vivre* to be part of a new creation.,

The full first podcast between Karnes and Filson may be downloaded at [coops4change](http://coops4change.org) at no cost.

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#### ***About Co-Ops for Change***

Co-Ops for Change is a grassroots movement to increase awareness both within the credit union community and among elected policymakers that our regulatory leadership should understand and support the cooperative principles. The regulatory process should consider credit unions’ cooperative character, as well as the shared economic value they create for people and communities. Credit union members, volunteers, professionals and industry supporters can learn more about the campaign at [www.coops4change.org](http://www.coops4change.org).