

U.S. Senate Committee on Banking, Housing and Urban Affairs

July 21, 2020

Opening Statement for Kyle S. Hauptman

Nominee for Board Member of the National Credit Union Administration

Thank you Chairman, Ranking Member Brown and members of the Committee. It's an honor to be here. I'd like to thank the President and his team, plus the NCUA staff that have been so helpful. I want to especially thank Senator Cotton for his support throughout this process.

I'd like to say hello to those watching online, especially my wife Kelly, who is pregnant with our first child, my brother Gabe and his husband Geoff, my siblings-in-law Katie and Marcus, and my parents-in-law Sue and Mike.

When offered this nomination, I accepted immediately. It's a chance to help over 120 million credit union members achieve their financial goals. And if you encounter someone who actually loves their financial institution, there's a good chance you're speaking to a credit union member.

These last few months have demonstrated the cooperative nature of credit unions, as they've waived fees and adjusted loans without before anyone in DC told them to do so. Many of us also recall the last government shutdown when credit unions gained members by offering interest-free loans to furloughed workers. But this reputation depends on proper oversight from NCUA.

Before the Senate I worked on regulatory policy, including serving on a bipartisan SEC Advisory Committee. Prior to that I was in the financial sector, focused on the same money markets where credit unions obtain financing. Twelve years ago, I was a mid-level employee working in Asia for Lehman Brothers, and wound up losing my job, my savings and my work visa all due to management that didn't fully understand the risks they were taking. That experience showed me firsthand the risks associated with liquidity, interest-rates and balance-sheet management. This perspective should be both valuable and somewhat unique on the NCUA Board.

One of the best parts of serving in the Senate has been working with Arkansas credit unions and their companions in the Cornerstone Credit League in Texas and

Oklahoma. I'm confident that if you speak to them, they'll tell you I've been knowledgeable and attentive regarding their concerns. And while I value those relationships, you can be sure I'll be an independent regulator who works only for credit union members and the taxpayers who back NCUA insurance.

In addition to my passion for financial policy, I have an interest in public service due to my upbringing. My father worked in the National Park Service for 32 years. Unfortunately, in the last three years both he and my mother passed away, but I think they'd be proud to see me here. I should mention that both were lifetime Democrats, my mother a Bernie Sanders supporter.

On a related note, my Senate colleagues will tell you I work in a bipartisan fashion. I've worked on legislation with the majority of Committee Democrats, including with Ranking Member Brown's staff on reforming anti-money laundering laws. I've been impressed with the character and acumen of the Democratic staff, and in fact several have been to my home.

Credit unions help people achieve the same American dream that my dad experienced, born in Brooklyn to parents with 4th-grade educations. His dad, my grandfather, worked in the NYC subway putting up advertising. That man's grandson is now before the US Senate, a testament to American opportunity, and at NCUA my overarching goal will be extending that kind of opportunity to as many people as possible.

I'll have three priorities at NCUA:

Priority #1 is the same as America's: managing the fallout from the current pandemic and economic downturn. Over 50 million people have filed for unemployment since March. While the 2008 crisis began in the financial sector and then hit Main Street, our current crisis may be the reverse. Credit unions were chartered to serve those of modest means, and I plan to work with them, the Board and Congress on solutions for those facing financial stress.

My second priority is technology. The pandemic created a test case on how many things, such as this hearing, can be done remotely or online. I'd like to expand technology's role in reaching the underserved. If we recall the

litigation years ago about Blockbuster Video's late-fees and market dominance, the ultimate solution was American startups like Netflix. While this analogy doesn't perfectly align with credit unions, I'm convinced innovation can provide more inclusive financial services.

And last: Aligning incentives. As we know from the last crisis, we get what we incentivize. One excellent policy that serves as a model here is the less-frequent exam cycle for credit unions that get the highest marks on their NCUA exams for safety and stability. This policy lets regulators focus on more problematic credit unions, while the well-run credit unions strive to keep earning that benefit. This is policy where safety and soundness are well-aligned with serving members. Do this correctly, and we'll combat poor-quality high-priced products with better, lower-priced ones.

Thank you again for this opportunity, and I look forward to your questions.