Harold E. Feeney
Commissioner

CREDIT UNION DEPARTMENT

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Deputy Commissioner

Update for the Senate Committee on Business and Commerce
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After facing tough challenges in the past few years, the credit union industry in Texas demonstrated its resilience in 2011. Credit unions continued to respond to many economic hurdles while undergoing some of the most sweeping federal regulatory changes since the Great Depression.

By year's end, state-chartered credit unions in Texas had achieved higher net income, more efficient operations, and declining loan delinquencies and charge-offs. The state credit union system also continued to expand. Membership grew to over 3 million, while total assets increased to more than $25 billion.

The Department takes a differentiated approach to its credit union supervisory activities, providing supervision tailored to the distinctive needs of credit unions of varying sizes and levels of complexity. The Department examines each credit union annually to assess the institution's safety and soundness, and its compliance with applicable laws and regulations. In addition, the Department monitors the condition of credit unions through off-site analysis of regularly submitted financial data. The Department's supervisory goal is to identify and correct potential issues at an early stage, before they adversely affect the safety and soundness of the system or the viability of any individual credit union.

There was no legislation passed in the 82nd Regular Session specific to this agency. The agency has successfully implemented more general legislation affecting the agency. In addition, the Department is coordinating with the Department of Savings and Mortgage Lending to examine residential mortgage loan originators employed by Credit Union Subsidiary Organizations (CUSOs) in compliance with the SAFE Act.

Implementation of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was the most important regulatory development of the year. Dodd-Frank required federal financial regulatory agencies to write hundreds of new regulations and conduct multiple studies that touch on every facet of the financial services industry. As federal agencies continue to implement Dodd-Frank, the ultimate impact on the financial institutions that are subject to its new rules and structure will be significant.

The Department recognizes that it must effectively manage its human, financial, and technological resources to successfully carry out its mission and meet the performance goals and targets set by the Credit Union Commission. The Department is undertaking various initiatives to better align these strategic resources with its mission and goals and deploy them where they are most needed in order to enhance its operational effectiveness and efficiency.

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