



2017–2021 Strategic Plan

National Credit Union Administration



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2017–2021 Strategic Plan

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Message from the Chairman

NCUA's Strategic Plan 2017–2021 outlines how the agency will continue to effectively supervise and insure a growing and evolving credit union system. Future risks to credit unions include escalating cyber-security threats, interest rate and liquidity challenges, real estate and member business loan concentrations, and rapid changes in technology. Each risk requires continual monitoring and, where prudent, risk mitigation strategies to protect the overall credit union system from preventable losses or failures.

The changing financial services environment is also driving a need for a greater diversity of NCUA employees' skills and knowledge. NCUA will continue to focus on workforce recruitment and development, to attract, train, and retain the best examiners and specialists. This includes individuals with specialized expertise in capital markets, business lending, investments, information technology, cyber-security, economics, statistics, and other relevant fields. NCUA staff are the agency's most important asset, and must have the skills, training, and tools necessary to do their jobs in this complex and dynamic financial environment.

A priority is improving processes, tools, and technology to increase efficiency and effectiveness. Through Continual Quality Improvement the Agency can upgrade the quality of examination and supervision, while simultaneously reducing the burden on regulated credit unions and improving the quality of life of our workforce. Many of NCUA's key information technology platforms do not leverage current technology in terms of capabilities and security. *NCUA's Strategic Plan 2017–2021* addresses the investment and upgrade of technology software systems. NCUA has committed to a major investment to modernize examination systems and all associated applications, as well as upgrading software for field-of-membership expansion applications. NCUA will also refresh needed hardware, such as field examiners' laptops and mobile devices.

Additionally, a noteworthy key milestone will be reached during the time period covered by the plan. By law, the Temporary Corporate Credit Union Stabilization Fund created by Congress in June of 2009 will expire in June of 2021. The law authorized NCUA to mitigate the resolution costs imposed on credit unions by five large failed corporate credit unions that purchased faulty securities from Wall Street firms. With recoveries exceeding \$2.2 billion to date, NCUA will continue to vigorously pursue legal recoveries from the firms that sold these faulty securities to credit unions. All NCUA Guaranteed Notes (NGNs) will mature in the marketplace by 2021, and NCUA's outstanding credit line at the US Treasury must be paid off. By 2021, the NCUA Board will be required to make prudent decisions on the ultimate dispositions of the remaining legacy assets after all outstanding obligations are satisfied.

By publishing the proposed *NCUA's Strategic Plan 2017–2021* in the *Federal Register* in early 2016, as well as posting it on our website at www.ncua.gov, NCUA continues its ongoing commitment to transparency about the agency's future plans and actions.

The future promises to be full of both challenges and opportunities for the credit union system and NCUA. With the strategic objectives and actions outlined in *NCUA's Strategic Plan 2017–2021*, NCUA stands ready to address these challenges head-on to ensure the continued safety and soundness of the credit union system, to the benefit of credit union members across America.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Metsger".

Rick Metsger
Chairman

Agency Overview

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of the account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

NCUA, through its predecessors, was created in 1934 with the passage of the Federal Credit Union Act. As the products and services provided to members changed over the years, NCUA's supervision and regulation evolved as well. In 1970, this evolution included the addition of the NCUSIF providing the backing of the full faith and credit of the U.S. Government to credit union accounts. No credit union member has ever lost a penny of deposits insured by the NCUSIF.

NCUA employs approximately 1,270 full-time staff responsible for the regulation and supervision of 6,090 federally insured credit unions with nearly 102 million members across all states and U.S. territories.

Mission Statement

“Provide, through regulation and supervision, a safe and sound credit union system, which promotes confidence in the national system of cooperative credit.”

Vision Statement

“NCUA will protect consumer rights and member deposits.”

Values

Integrity

Adhere to the highest ethical and professional standards.

Accountability

Accept responsibilities and meet commitments.

Transparency

Be open, direct and frequent in communications.

Inclusion

Foster a workplace culture that values diverse backgrounds, experiences and perspectives.

Proficiency

Deliver high-quality services efficiently and strive to exceed expectations in every effort.

Economic Outlook

The U.S. economic environment is a key determinant of credit union performance. Over the horizon of the Strategic Plan, the consensus forecast for the U.S. economy is for moderate economic growth, a low unemployment rate (staying around or under 5 percent), and annual inflation around 2 percent (the Federal Reserve's target rate). Interest rates are expected to trend higher over the next few years, with short-term rates rising more than longer-term rates. In particular:

- The consensus forecast predicts real GDP growth will average between 2.0 percent and 2.5 percent per year. This is very similar to the economy's performance over the past few years.
- The unemployment rate is projected to average just under 5 percent. This is close to the current rate and is roughly consistent with full employment.
- Consumer prices are projected to rise a little more than 2 percent annually (that is consistent with 2 percent inflation in a slightly different inflation indicator that the Federal Reserve favors). Falling oil prices have kept overall inflation low recently; core inflation (consumer prices excluding food and energy) is closer to 2 percent.
- The 3-month Treasury bill rate is projected to rise from an average of 30 basis points in March 2016 to 300 basis points in 2021.
- The 10-year Treasury rate is projected to rise from about 1.9 percent in March 2016 to 3.9 percent in 2021.
- The interest rate forecasts imply a decline in the term spread over the five-year plan period.

Interest Rate Risk

The consensus forecast indicates that interest rates will change more than other key economic indicators through 2021. In March 2016, the 10-year Treasury note rate averaged about 160 basis points higher than the 3-month Treasury bill rate. Based on the forecasts for these interest rates, the term spread is expected to fall below 100 basis points by 2021. The last time the spread between the 10-year and 3-month Treasury rates was under 100 basis points was December 2007.

Recent trends suggest that credit unions have reduced interest rate risk on the asset side of their balance sheets. Credit unions' aggregate net long-term assets share had risen from 30 percent in 2007Q4 to a peak of 36 percent in 2013Q4. However, the net long-term assets share has since eased, falling below 32 percent by 2016Q1. While the recent drop in aggregate exposure to long-term assets should reduce the risks associated with rising interest rates, the share of long-dated assets to total assets remains elevated relative to the pre-recession average.

The trends in credit union deposits are mixed. Half of credit union deposits in 2016Q1 were in "core" accounts (regular shares and share drafts), up from 37 percent in 2008Q4 and the highest share in over 15 years. At the same time, the composition of non-core deposits has shifted away from

fixed-rate share certificates to variable-rate money market shares. Since money market shares have variable rates, funding these deposits may be more expensive if rates rise quickly.

In a rising rate environment, credit unions may face pressures to raise their deposit rates in order to retain shares, as regular and money market shares may be most sensitive to rates. Members may reallocate their savings to higher-yielding products within the credit union, or transfer their money to competitors offering higher rates. The increased prevalence of web-based and mobile banking may reduce the transition costs consumers face when changing accounts.

If realized, the interest rate environment expected by forecasters could be challenging for some credit unions. If short-term rates rise more than long-term rates, the flatter yield curve could reduce net interest margins. However, the consensus rate environment might also make it easier for some institutions to distinguish themselves from market competitors, either through lower rates on loans or higher rates on deposits.

While a rising rate environment is predicted by most forecasters, if the U.S. economy's overall performance is worse than expected, rates may remain low for an extended period of time. A continuation of the current, very low interest rate environment also presents risks to credit unions. Credit unions that rely primarily on investment income may find their net income remaining low or falling. In addition, credit unions could resume their "reach for yield," by adding long-term and higher-risk assets to their portfolio. Finally, the sluggish economy that would likely be associated with continued low interest rates could raise credit risk for almost all types of private instruments.

Key Risk Areas for U.S. Growth

One major determinant of the likely path for the interest rate outlook is the path of economic growth. There is a variety of risks to the economic growth outlook. A slowdown in foreign economic growth has consequences for U.S. growth, unemployment, inflation, and interest rates. For example, China has been transitioning to a more consumer-based economy, and the transition has resulted in slowing growth, which has weakened China's demand for a number of commodities. This, in turn, has caused growth to slow in a number of emerging market economies. Further slowing in China and the rest of the world would cut into U.S. growth and job creation, hold down inflation, and help keep interest rates low.

If global economic conditions deteriorated before U.S. monetary policy shifted away from its current accommodating position, policymakers would find it difficult to stimulate the domestic economy and the result could be an extended period of sluggish growth, and low inflation and interest rates. Alternatively, more rapid growth in the rest of the world would push U.S. growth higher but, with the U.S. economy already near full employment, this would tend to raise U.S. inflation and interest rates.

In addition, a variety of other factors can affect U.S. economic growth. On the downside, it is important to recognize that while the consensus forecast is that the U.S. economy will continue to expand over the Strategic Plan period, a recession is nonetheless possible. A recession would likely

lead to increased credit risk at credit unions—members may lose their jobs or see the value of their assets decline. Recessions can be caused by many different factors, and some industries and regions are always affected more than others. For example, depending on the cause of the recession, industries and states that were relatively unaffected by the Great Recession could find themselves bearing the brunt of the next one.

Credit Union System Key Risks

Economic, market, and demographic factors will likely influence how credit unions operate and grow. As these factors evolve over time, credit unions may face new risks and opportunities.

Credit Union Responses to Changing Environment: The economic environment has recently helped generate improving credit union fundamentals. Due to the structure of their portfolios, the decisions credit unions have made in the past few years will continue to affect their performance over the Strategic Plan horizon. Some of these decisions may turn out to create challenges as the economic and interest rate environments evolve. In addition, economic conditions can weaken in specific industries and regions, even if the overall economy is growing and generating jobs. In 2015, for example, the sharp decline in oil prices weakened the economies of energy-producing states, such as West Virginia and North Dakota. Additionally, as the value of taxi medallions decreased during 2015, one large credit union needed to be conserved due to high exposure to taxi medallion loans.

Financial Landscape and Technology: The spread of communications technology is providing challenges and opportunities for financial institutions. New products are being developed, new ways for consumers to interact with their financial institution are becoming more prevalent, and consumers are able to make and implement financial decisions nearly instantaneously. At the same time, credit unions' increasing use of technology is making the credit union system more vulnerable to cyber-attacks. These trends are likely to continue, and even accelerate, through 2021.

Competition and Consolidation: The number of credit unions and banks has been falling steadily for more than two decades. Analysts believe that this is mainly due to two primary reasons. First, economies of scale have encouraged mergers, reducing the number of active depository institutions. Second, non-depository institutions are providing products and services that compete with what credit unions and banks offer. Combined, these trends mean credit unions face increased competition.

Large banks are able to expand their presence beyond their existing branch networks. At the same time, the rise of deposit-like products (e.g., pre-paid cards) and alternative lending products (e.g., crowdsourcing, peer-to-peer lending) have the potential to reduce members' demand for both the savings and lending products credit unions provide. According to NCUA's Monthly Insurance Reports of Activity, most credit unions that merge today cite "expanded services" for their members as the reason for merging. An increase in competition could lead to more "mergers of equals," a trend that could lead to consolidation among relatively large credit unions.

Aging Credit Union Membership: The U.S. Census Bureau forecasts that the share of the population reaching retirement age in the United States will continue to rise through the Strategic Plan period. As the population ages, credit unions may see shifts in growth trends and members' demand for certain products and services. For example, an aging population may increase the demand for savings and interest-bearing accounts, and lower the demand for mortgage and auto loans. Additionally, some credit unions with small fields of membership may find their potential membership declining, restricting their opportunities to grow. Internal credit union management may also be affected. For example, some credit unions rely on a few experienced individuals for management. As these employees reach retirement age, the credit unions may lose considerable institutional knowledge and have few replacement opportunities.

Population Diversity and Trends in Financial Access: The U.S. population is forecast to become more diverse through the Strategic Plan period. According to the FDIC's 2013 *National Survey of Unbanked and Underbanked Households*, more than one out of every four U.S. households is either unbanked (no account at a federally insured depository institution) or underbanked (has an account, but also recently relied on non-bank alternative financial services). With an increased array of financial services being provided by non-bank entities, depository institutions may face further pressures as they try to retain current consumers and reach out to new ones. As the U.S. population becomes more diverse, credit unions may need to adapt the products and services they offer to ensure they can communicate effectively with and serve the needs of new potential members. The 2013 FDIC survey found that while three-quarters of households in the "White non-Black non-Hispanic" group were fully banked, less than half of Black and Hispanic households were fully banked. This division may be partly attributable to language barriers: just 38 percent of households that only speak Spanish were fully banked.

Generational Shift in Consumer Preferences: Over the Strategic Plan period, today's college students and recent graduates (often referred to as "millennials") will become working professionals, a key source of potential members for many credit unions. Some analysts believe that millennials' approach to personal finances differs from those of previous generations in key ways. These analysts suggest that, for example, millennials may, on the whole, be less interested in ownership of big-ticket items like houses and vehicles. If true, this may undermine credit unions' current business models, which tend to be dominated by loans secured by these assets. New types of loans, new types of deposit accounts, and new types of member services may be required to meet millennials' needs. Additionally, some analysts anticipate that millennials' familiarity with technology will make them less attached to conducting business at physical branches. The FDIC's 2013 *National Survey of Unbanked and Underbanked Households* found that roughly a third of households use a bank teller as their main banking method. This varied markedly by age group, though: about one in five households younger than 45 said their main banking method was a bank teller, while more than half of households older than 65 relied mostly on bank tellers. At the same time, less than 5 percent of households 45 or older rely primarily on mobile banking, compared to 20 percent of households between 15 and 24. If, over time, consumers conduct more of their business through electronic and mobile services, credit unions may need to find alternatives to the branch-based, in-person interactions with members that they are traditionally known for, in order to remain competitive.

Major Agency Programs

Supervision

The supervision program contributes to the safety and soundness of the credit union system. A program priority includes identifying and resolving risk concerns such as interest rate risk, credit risk, concentration risk, and operational risks including cyber-security and reputation risk. NCUA supervises federally insured credit unions through examinations and regulatory enforcement including providing guidance through various publications, taking administrative actions and conserving severely troubled institutions as necessary to manage risk.

Insurance

NCUA manages the \$12 billion NCUSIF, which provides insurance to at least \$250,000 for deposits held at federally insured credit unions. The fund is capitalized by credit unions. NCUA manages the fund to a 1.30 percent equity ratio.

Small Credit Union Initiatives

Through consulting, training, partnerships and resource assistance, NCUA fosters credit union development, particularly the expansion of services provided by small, minority, newly chartered and low income designated credit unions to eligible members. A major source of assistance is the Community Development Revolving Loan Fund (CDRLF), which provides loans and technical assistance grants to credit unions serving low-income members to provide basic financial services and stimulate economic activities in their communities.

Consumer Protection

NCUA protects credit union members' consumer rights through effective enforcement of federal financial services consumer protection laws, regulations, and requirements. NCUA also develops and promotes financial literacy education programs for credit unions to assist members in making financial decisions.

Asset Management

NCUA conducts credit union liquidations and performs management and recovery of assets through the Asset Management and Assistance Center (AMAC). AMAC strives to maximize the recovery value of assets in liquidations. AMAC also assists NCUA regional offices with reviews of large, complex loan portfolios and actual or potential bond claims. It also participates in the operational phases of conservatorships and records reconstruction. The purpose of AMAC is to minimize credit union failure costs to the NCUSIF and credit union members.

Stakeholder Outreach

In order to clearly understand the needs of the credit union system, NCUA seeks input from all of its stakeholders, including Congress, State Supervisory Authorities, credit union members, credit unions and their associations. Input is sought through the examination and supervision process, surveys, public webinars, working groups, rulemakings, and public and congressional dialogue. The views and input are assessed and properly considered during the developmental process. For this plan, this collective input may directly or indirectly influence the goals or objectives, the selection of measures of success, and the performance targets.

Cross-Agency Priority Goals and Collaboration

The Government Performance and Results Modernization Act requires federal agencies to address Cross-Agency Priority (CAP) Goals in their strategic plan, annual performance plan, and annual performance report. The national level CAP Goals are located at www.Performance.gov. While NCUA is an independent federal agency and not part of the federal budget, its efforts align to four CAP Goals: Cybersecurity, Insider Threat and Security Clearance Reform, Open Data, and People and Culture.

NCUA is also involved in numerous cross-agency initiatives by collaborating with the other financial regulatory agencies through participation in several councils. Significant councils include the Financial Stability Oversight Council (FSOC), the Federal Financial Institutions Examination Council (FFIEC), the Financial and Banking Information Infrastructure Committee (FBIIC), and the OMB Performance Improvement Council. These councils and their many associated taskforces and working groups contribute to the success of NCUA's mission.

Strategic Goals and Objectives

The chart below summarizes NCUA’s strategic goals and objectives for 2017–2021. The objectives support and complement the strategic goals. Each strategic objective has performance goals with measurable indicators and targets. Senior executives are appointed as the goal leader for each strategic goal, and are responsible for managing the strategic goal and corresponding objectives.

<i>Strategic Goals</i>	<i>Strategic Objectives</i>
Goal 1: Ensure a Safe and Sound Credit Union System	<ul style="list-style-type: none"> 1.1 Identify, measure, monitor and promptly respond to risks in the credit union system to mitigate loss to the NCUSIF. 1.2 Provide high-quality, effective, and efficient supervision that is agile and risk-based. 1.3 Maintain a modernized and responsive regulatory framework that is effective, easily understood, and transparent. 1.4 Communicate effectively to examiners and credit unions about emerging risks and regulatory requirements, to facilitate awareness of NCUA’s compliance resources and assistance.
Goal 2: Promote Consumer Protection and Financial Literacy	<ul style="list-style-type: none"> 2.1 Effectively enforce federal consumer financial laws and regulations in federal credit unions. 2.2 Develop and promote financial literacy education programs that empower consumers to make informed financial decisions. 2.3 Ensure access to federally insured financial services for consumers of all backgrounds and income levels, with an emphasis on those of modest means.
Goal 3: Cultivate an Inclusive, Collaborative Workplace at NCUA that Maximizes Productivity and Enhances Impact	<ul style="list-style-type: none"> 3.1 Recruit and retain a skilled, highly engaged and diverse workforce. 3.2 Deliver secure, reliable and innovative technology solutions to support NCUA business imperatives. 3.3 Promote sound financial management, internal control, and stewardship principles. 3.4 Ensure a secure environment that protects the safety of our staff and security of our facilities. 3.5 Enhance NCUA’s position as one of the best places to work in the federal government.

Strategic Goal 1	
Ensure a Safe and Sound Credit Union System	
Goal Leader	Strategic Goal Overview
Director of the Office of Examination and Insurance	NCUA’s primary function is to identify credit union system risks, determine the magnitude, and mitigate unacceptable levels through the examination and supervision program. The primary risks include interest rate risk, credit risk and operational risks, in particular cyber-security, vendor management, and fraud. NCUA addresses emerging issues in order to minimize losses to the NCUSIF.
Performance Goals	
The performance goals below will be pursued as a means to achieve our strategic goals and objectives. The performance goals, related measures and targets, are provided in NCUA’s Annual Performance Plan.	
<p><u>Strategic Objective 1.1</u> - Identify, measure, monitor and promptly respond to risks in the credit union system to mitigate loss to the NCUSIF.</p> <ul style="list-style-type: none"> • Fully and efficiently execute the requirements of the agency’s examination and supervision program for federally insured credit unions. • Manage yearly NCUSIF losses to a target percentage of total insured shares. • Minimize total assets in CAMEL Code 4/5 status through timely rehabilitation. • Conduct credit union resolutions effectively and efficiently. <p><u>Strategic Objective 1.2</u> - Provide high-quality, effective, and efficient supervision that is agile and risk-based.</p> <ul style="list-style-type: none"> • Implement market leading analytic tools to enable risk analysis, identify key trends and target examinations where most needed. • Provide a supervision framework for NCUA’s financial regulations. • Advance examiner specialization to effectively identify and evaluate risk in larger, more complex credit union portfolios. <p><u>Strategic Objective 1.3</u> – Maintain a modernized and responsive regulatory framework that is effective, easily understood, and transparent.</p> <ul style="list-style-type: none"> • Identify financial services industry risks and marketplace developments necessitating new or revised regulations. • Develop guidance that explains regulatory changes, implementation considerations, and related examination procedures. 	

- Increase target audience awareness of regulatory activities.

Strategic Objective 1.4 - Communicate effectively to examiners and credit unions about emerging risks and regulatory requirements, to facilitate awareness of NCUA’s compliance resources and assistance.

- Identify, assess and issue guidance on regional and national emerging risks and related threats.
- Issue information on new and changed regulations through multiple delivery channels.
- Assist small, low-income and minority credit unions to secure the proper resources to identify and manage risks and ensure regulatory compliance.

Context

Strategic Goal 1 objectives focus on managing current and future risks as early as possible and promoting stability within the system.

Strategies

- Ensure timely resolution of problem institutions through the supervision process.
- Engage congressional committees on priority risk issues.
- Maintain and update internal systems and processes to ensure capabilities are in place to handle the liquidation of increasingly complex credit unions.
- Promptly pay members’ confirmed insured shares upon involuntary liquidation of a credit union.
- Deliver capabilities commensurate with examination demands related to high risk or complex credit unions.
- Identify, measure, and monitor operational and technological-related vulnerabilities through on-site and off-site monitoring tools.
- Assess the adequacy of credit union management and internal control systems to identify and control risks and to detect the risks of fraud or insider abuse.
- Integrate credit union information captured and created across NCUA into a secure single portal to improve examiner productivity and the credit union exam experience.
- Deliver effective regulations through the annual regulatory review process.
- Collaborate with federal regulatory agencies and state regulators as appropriate to maintain a safe and sound regulatory environment.
- Provide sufficient comment periods when introducing new or revised regulations and consider public comments when finalizing regulations.
- Assess cyber and other threats to credit unions, and provide information on mitigation strategies.
- Develop a standard cyber incident reporting system for examiners and credit unions.
- Provide training in emerging technologies, especially for field and management staff.
- Develop and implement training for small credit unions on cyber threats, Continuity of Operations, and security issues.
- Support the success of small credit unions through training, consulting, grants and loans, partnership opportunities and resources.
- Encourage an exchange of ideas with the credit union system, while maintaining agency independence.
- Coordinate agency communications to maintain consistent strategic messaging.

Contributing Offices

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| <ul style="list-style-type: none"> • Office of National Examinations and Supervision • All Regional Offices • Office of Small Credit Union Initiatives • Office of Consumer Protection | <ul style="list-style-type: none"> • Office of Chief Economist • Office of Chief Information Officer • Asset Management and Assistance Center • Office of Continuity and Security Management • Office of Public and Congressional Affairs |
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External Factors

External factors which may affect Goal 1 achievement include:

- Changes in economic conditions that cause credit unions to experience unusual financial stresses, including changes in the labor market and the interest rate environment.
- Increasing scope and complexity of credit union products and services.
- Changes in consumer preferences for products and services currently offered by credit unions.
- Consolidation across the financial services industry that leads to increasing complexity of credit unions.
- Increasingly sophisticated cyber-attacks that threaten members' financial health and credit union security.
- Increasing competitive pressures from other financial service providers, including non-depository institutions.
- Changes to credit union operations that affect balance sheet structure, credit risk, and concentration risk, including increasing reliance on third-party vendors.
- Changes in standards and practices adopted by other regulatory agencies that could affect credit unions.
- Legislative changes.

Strategic Goal 2

Promote Consumer Protection and Financial Literacy

Goal Leader

Strategic Goal Overview

Director of the Office of Consumer Protection

Strategic Goal 2 seeks to ensure consumers have access to appropriate and timely disclosures, sufficient protections against unscrupulous products or services, and financial literacy education programs to help consumers make informed financial decisions.

Performance Goals

The performance goals below will be pursued as a means to achieve our strategic goals and objectives. The performance goals, related measures and targets are provided in NCUA's Annual Performance Plan.

Strategic Objective 2.1 – Effectively enforce federal consumer financial laws and regulations in federal credit unions.

- Administer the risk-based fair lending exam program to identify compliance issues and required corrective actions.
- Ensure consistency with other regulators on consumer issues to safeguard member interests.
- Increase guidance to the credit union system to improve compliance with consumer protection laws.

Strategic Objective 2.2 - Develop and promote financial literacy education programs that empower consumers to make informed financial decisions.

- Monitor issues or trends in consumer complaints to develop effective financial literacy education programs and initiatives.
- Effectively market the availability of financial literacy programs.
- Issue information on new and changed consumer protection regulations and consumer compliance guidance through multiple delivery channels targeted at consumers.

Strategic Objective 2.3 – Ensure access to federally insured financial services for consumers of all backgrounds and income levels, with an emphasis on those of modest means.

- Support broader economic inclusion by increasing the usability of contemporary information on MyCreditUnion.gov, including Pocket Cents.
- Timely review credit unions' new and expanded community charters and marketing and business plans.

Context	
Strategic Goal 2 objectives provide the actions to protect consumer rights by establishing appropriate regulations, enhancing consumer confidence, and providing financial literacy and education.	
Strategies	
<ul style="list-style-type: none"> • Collaborate with the federal regulatory agencies and state regulators as appropriate to maintain a safe and sound regulatory environment to protect consumers using credit union products and services. • Educate credit unions and consumers about federal consumer financial protection issues. • Advocate for initiatives to protect members from predatory, unsafe financial products. • Support credit unions in their efforts to offer essential products and services, including financial education programs to all eligible members, especially those of modest means. • Promote the value of diversity and of inclusive financial services in credit unions. • Timely review and approve all viable new credit union charters and modifications of existing charters. • Use all available delivery channels to provide information on federal consumer financial protection related guidance. 	
Contributing Offices	
<ul style="list-style-type: none"> • Office of Consumer Protection • Office of Examinations and Insurance • Office of National Examination and Supervision • Office of the Chief Economist 	<ul style="list-style-type: none"> • Office of Public and Congressional Affairs • All Regional Offices • Office of Minority and Women Inclusion • Office of Small Credit Union Initiatives
External Factors	
<p>External factors which may affect Goal 2 achievement include:</p> <ul style="list-style-type: none"> • Changes in credit union membership growth or fields of membership. • Changes in how the public views the benefits of credit union membership. • Shifts in member needs associated with the changing demographics of membership. • Credit union consolidation trends that increase the size of the typical credit union. • An increasing number of new credit unions. • Changes in the scope and complexity of products and services credit unions offer. • Competitive pressures from other financial service providers, including non-depository institutions. • Changes in standards and practices adopted by other regulatory agencies that could affect credit unions. • Legislative changes. 	

Strategic Goal 3
Cultivate an Inclusive, Collaborative Workplace at NCUA that Maximizes Productivity and Enhances Impact.

Goal Leader	Strategic Goal Overview
Deputy Executive Director	NCUA’s most important resource is high quality, skilled staff. To maximize their contributions to the mission, they must be supported by efficient and effective processes, tools, and leading edge technology.
Performance Goals	
The performance goals below will be pursued as a means to achieve our strategic goals and objectives. The performance goals, related measures and targets are provided in NCUA’s Annual Performance Plan.	
<p><u>Strategic Objective 3.1</u> – Recruit and retain a skilled, highly engaged and diverse workforce.</p> <ul style="list-style-type: none"> • Fill vacancies timely and efficiently with the best qualified applicants available. • Increase workforce diversity at all levels, specifically in management. • Deliver timely and relevant training and leadership development programs for staff at all grade levels. • Maintain an effective plan of succession to ensure continuity of leadership throughout all levels of the organization. <p><u>Strategic Objective 3.2</u> – Deliver secure, reliable and innovative technology solutions to support NCUA business imperatives.</p> <ul style="list-style-type: none"> • Replace end-of-life technology with a modern, robust platform to address technical risk and provide a foundation for future expansion of capabilities. • Implement the Enterprise Business Information Technology Vision & Strategy to ensure technology investments are prioritized and focused on delivering the highest return to the mission of NCUA. • Raise the minimum standards for our data to increase the completeness and accuracy of our information, while still accommodating new data points. • Increase virtual, remote and telework employee efficiency through the use of technology. <p><u>Strategic Objective 3.3</u> – Promote sound financial management, internal control, and stewardship principles.</p> <ul style="list-style-type: none"> • Develop and implement an enterprise risk management framework that defines, measures and manages NCUA’s risks and related opportunities. • Align NCUA’s budgetary resources to focus on high priority areas in an efficient manner. • Achieve favorable financial statement audit results annually. <p><u>Strategic Objective 3.4</u> – Ensure a secure environment that protects the safety of our staff and security of our facilities.</p> <ul style="list-style-type: none"> • Strengthen the security program in the areas of personnel, facilities, continuity of operations and secure communications. • Deliver exceptional quality security and safety training to improve preparedness and safeguard NCUA staff. 	

- Conduct security and safety inspections and drills, assess information on findings, and implement any necessary corrective actions.

Strategic Objective 3.5 – Enhance NCUA’s position as one of the best places to work in the federal government.

- Foster a culture of labor-management collaboration at all levels of the organizations.
- Promote inclusive leadership that values and leverages diverse perspectives.
- Obtain employee feedback that measures engagement and supports continuously improving the workplace.

Context

Strategic Goal 3 emphasizes staff effectiveness through hiring, training, and career development. It also focuses on good stewardship, and gaining efficiencies and effectiveness through leading technology and work environment security.

Strategies

- Develop and maintain the knowledge, skills, and abilities of the agency’s workforce to consistently identify and meet emerging mission-related needs.
- Maintain strong executive and management development programs to ensure the continuity of leadership.
- Assess employee turnover and implement strategies to achieve optimum retention.
- Maintain consistent strategic messaging and provide clear, timely communication between all levels of staff.
- Strengthen diversity and inclusion curriculum and training materials, focusing on unconscious bias and inclusive leadership.
- Promote cost-conscious buying practices and further integrate supplier diversity into the contracting process.
- Maintain a structured set of privacy controls to protect and ensure the proper handling of personally identifiable information.
- Deliver leading edge information technology hardware and software to maximize staff efficiency.
- Implement Interagency Security Committee standards for physical security and badging processes to appropriately control access to our IT systems and facilities.
- Streamline operation policies and practices to reduce administrative burden for all staff.
- Recognize our responsibility to implement environmentally sound practices and procedures when feasible.
- Balance the need for comparability with other financial regulatory agencies in the areas of pay and benefits with other organizational resource needs.

Contributing Offices

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| <ul style="list-style-type: none">• Office of Human Resources• Office of the Chief Information Officer• Office of the Chief Financial Officer | <ul style="list-style-type: none">• Office of Continuity and Security Management• Office of Minority and Women Inclusion• All Offices |
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External Factors

External factors which may affect Goal 3 achievement include:

- Changes in economic conditions that affect the availability of qualified candidates or external employment options of current agency staff.
- Changes in preferences of members of the workforce (including quality of life, travel burdens, and upward mobility) associated with both a growing Millennial and culturally diverse population.
- Changes in economic conditions or in credit union products and services that may require rapid adjustment of staff skills and resources.
- An unusually large number of staff retirements associated with the aging of the Baby Boomer population, without adequate transmission of institutional knowledge.

Evaluations and Research

NCUA uses program evaluations as an integral part of its effort to continuously improve and enhance mission performance. Both external and internal entities evaluate NCUA's performance using a variety of tools. The principal external and internal evaluations are listed below.

Government Accountability Office (GAO) evaluations are performed as necessary. The GAO conducts program and program support related evaluations of NCUA.

Financial audits are conducted annually by an outside audit firm contracted by the **Office of the Inspector General (OIG)**. The firm audits the NCUA Operating Fund, National Credit Union Share Insurance Fund, Temporary Corporate Credit Union Stabilization Fund, Central Liquidity Facility, and the Community Development Revolving Loan Fund.

The **Federal Information Security Modernization Act (FISMA)** of 2014 requires the ongoing evaluation of the effectiveness of NCUA's information security program. This includes the evaluation of specific IT controls that are also leveraged within the agency's financial and administrative management systems. The **Federal Managers Financial Integrity Act (FMFIA)** of 1950 requires ongoing evaluations and reporting of the adequacy of the systems of internal accounting and administrative control.

OIG evaluations and **Material Loss Reviews** are conducted throughout the year. These independent evaluations are performed in accordance with OIG procedures and include reviews of NCUA programs and program support operations.

A federal **Employee Viewpoint Survey** is conducted annually by the Office of Personnel Management (OPM). The survey measures the opinions of NCUA staff on a wide range of topics.