Rodney Hood Keynote Summary

Please forgive any typos or errors in information. These are general notes designed to assist you in bringing the overall information presented back to your credit union.

Summary

Rodney Hood delivers a keynote to North American credit union leadership on the future of the cooperative system, regulatory reform, technology's transformative power, and the board's strategic role.

He underscores trust as the sector's greatest competitive advantage, with credit unions serving **146 million members**, holding over **$2.48 trillion in assets**, **$1.73 trillion in loans**, and a collective **net worth above 11.24%**—well exceeding statutory requirements.

Despite resilience, challenges include declining membership across more than half of institutions and growth concentrating in larger credit unions, driven by scale, technology, and relevance.

Hood advocates for effective, risk-proportional regulation over one-size-fits-all approaches, noting Washington regulators' growing alignment to reduce burdens and eliminate "gotcha" tactics. Reforms include streamlining examinations for well-capitalized CAMEL 1–2 institutions, annual rolling reviews of NCUA rules, and the removal of reputational risk from examinations, shifting focus to tangible risks (credit, interest rate, liquidity, cyber).

He highlights active advocacy to modernize BSA/AML, including raising or indexing the $10,000 CTR threshold (proposed to $85,000), and emphasizes FinCEN and Treasury's movement toward risk-based compliance.

Innovation is positioned as a strategic imperative. Hood established NCUA's Office of Financial Technology and Innovation to guide engagement without micromanagement, enabling all asset sizes to access fintech tools—often via CUSOs—for fraud prevention and inclusion.

He urges disciplined fintech partnerships anchored in documented member needs, reminding leaders that activities can be outsourced but accountability cannot. With approximately 70% of cyber incidents originating from third-party relationships, boards must strengthen vendor governance and cybersecurity oversight.

Technology's role in inclusion is central. AI can score "credit invisible" individuals and open the credit aperture responsibly, provided models are governed, explainable, tested for bias,

and aligned with each credit union's risk tolerance. Boards need not be coders but must rigorously question model fairness, performance, and compliance, ensuring thorough documentation in minutes. Rodney addresses concerns about AI bias with historical examples and stresses continuous validation to avoid discriminatory outcomes.

Digital assets and stablecoins are moving from theory to execution. The GENIUS Act establishes a federal framework for payment stablecoins, with an effective date no later than January 18, 2027, and NCUA guidance emerging on permissible participation (e.g., custody and access rather than issuance). Boards should decide whether and how to engage, given widespread member use of digital wallets and real-time payments.

Fraud and cybersecurity threats are rising, amplified by AI-enabled deepfakes, synthetic identities, and sophisticated social engineering. These are governance issues requiring proactive defenses like multi-factor authentication, tabletop exercises, and budgeted resilience programs. Hood shares personal examples of AI-enabled fraud detection and real-world social engineering to illustrate evolving risks. He emphasizes that innovation without security is vulnerability, not progress.

Member business lending is highlighted as a growth frontier, leveraging credit unions' trust and local knowledge to serve Main Street amid retrenchment by larger banks. Rodney discusses advocacy to eliminate the 12.25% MBL cap for non-low-income credit unions to unlock greater community impact.

Leadership transitions feature prominently. Incoming NCUA chair John Crum, with deep Washington experience and a risk-tailored regulatory philosophy aligned with Treasury's "effective, not excessive" ethos, is expected to continue innovation support and pursue relief measures (BSA threshold modernization, MBL cap removal). Current chair Cal Hauptman continues reducing burden and advancing stablecoin guidance pending transition.

Rodney grounds the call to action in the credit union mission: financial inclusion is a civil rights, economic, and moral imperative, addressing 65 million credit-invisible individuals and the large share of households lacking access to small-dollar credit. He envisions the "credit union of tomorrow" delivering AI-driven personalization and coaching, real-time and stablecoin-enabled cross-border payments, proactive stress detection, outreach to underserved communities, and responsible credit extension—innovation in service of people, not for its own sake.