



GRC

SUMMIT 2023

MIAMI, JUNE 14 & 15

Hosted by **MetricStream**

Our Journey to GRC

Rob Foster , Chief Information Officer
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Agenda

- Organization Overview: Mission, Vision, Industry at a Glance
- Examination Principles & Business Drivers
- Desired Outcomes
- Program Risks and Considerations
- Project Governance
- Key Takeaways
- Audience Questions and Discussion



National Credit Union Administration Mission, Vision, Overview

- **Mission:** Protecting the system of cooperative credit and its member-owners through effective **charters, supervision, regulation, and insurance.**
- **Vision:** Strengthen communities and protect consumers by ensuring equitable financial inclusion through a robust, safe, sound, and evolving credit union system.
- **Overview:** Created by the U.S. Congress in 1970, the National Credit Union Administration is an independent federal agency that insures deposits at federally insured credit unions, protects the members who own credit unions, and charters and regulates federal credit unions.

The NCUA protects the safety and soundness of the credit union system by identifying, monitoring and reducing risks to the National Credit Union Share Insurance Fund. Backed by the full faith and credit of the United States, the Share Insurance Fund provides up to \$250,000 of federal share insurance to millions of account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.





INDUSTRY AT A GLANCE

Prepared by the Office of External Affairs and Communications
For the quarter ending December 31, 2022

National Credit Union Administration
1775 Duke St., Alexandria, VA 22314-3418
Phone | (703) 518-6300 Website | www.ncua.gov
Consumer Website | www.MyCreditUnion.gov

General Industry Statistics

Federally Insured Credit Unions:	4,760
Members:	135.3 million
Total Assets:	\$2.17 trillion
Average Credit Union Assets:	\$455 million
Return on Average Assets:	89 basis points
Total Insured Shares and Deposits:	\$1.68 trillion
Net Income (Year-to-Date, Annualized):	\$18.9 billion
Net Worth Ratio:	10.74%
Average Shares per Member:	\$13,676

Loans

Total Loans:	\$1.50 trillion
Average Loan Balance:	\$17,141
Loan-to-Share Ratio:	81.4%
Mortgages/Real Estate:	52.4%
Auto Loans:	32.2%
Unsecured Credit Cards:	4.9%
Delinquency Rate:	61 basis points

The NCUA makes the complete details of its quarterly Call Report data available online in an Aggregate Financial Performance Report, as well as a Call Report Data Summary at: <https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data>

National Credit Union Share Insurance Fund

Member deposits insured up to \$250,000	
Total Share Insurance Fund Assets:	\$20.4 billion
NCUSIF Reserves:	\$185.2 million
Equity Ratio:	1.30%
Insurance Loss Expense:	(\$39.5) million
Net Income:	\$118.7 million
Failed Federally Insured Credit Unions:	6 (year-to-date)

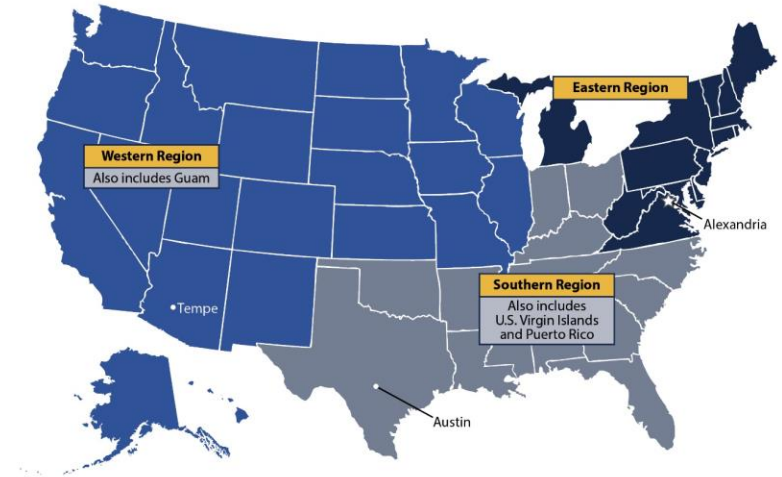
NCUA's 2022-2026 Strategic Goals

- Ensure a safe, sound, and viable system of cooperative credit that protects consumers.
- Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.
- Maximize organizational performance to enable mission success.

NCUA Facts

Chairman: Todd M. Harper
Vice Chairman: Kyle S. Hauptman
Board Member: Rodney E. Hood

2022 Operating Budget: \$320.1 million



MAP KEY ● Eastern Region ● Southern Region
● Western Region ☆ Central Office

● Eastern Region

CT, DE, DC, ME, MD, MA, MI, NH, NJ, NY, PA, RI, VT, VA, WV
Director: John Kutchey, (703) 519-4600

● Southern Region

AL, AR, FL, GA, IN, KY, LA, MS, NC, OH, OK, PR, SC, TN, TX, VI
Director: C. Keith Morton, (512) 342-5600

● Western Region

AK, AZ, CA, CO, GU, HI, ID, IL, IA, KS, MN, MO, MT, NE, NV, NM, ND, OR, SD, UT, WA, WI, WY
Director: Cherie Freed, (602) 302-6000

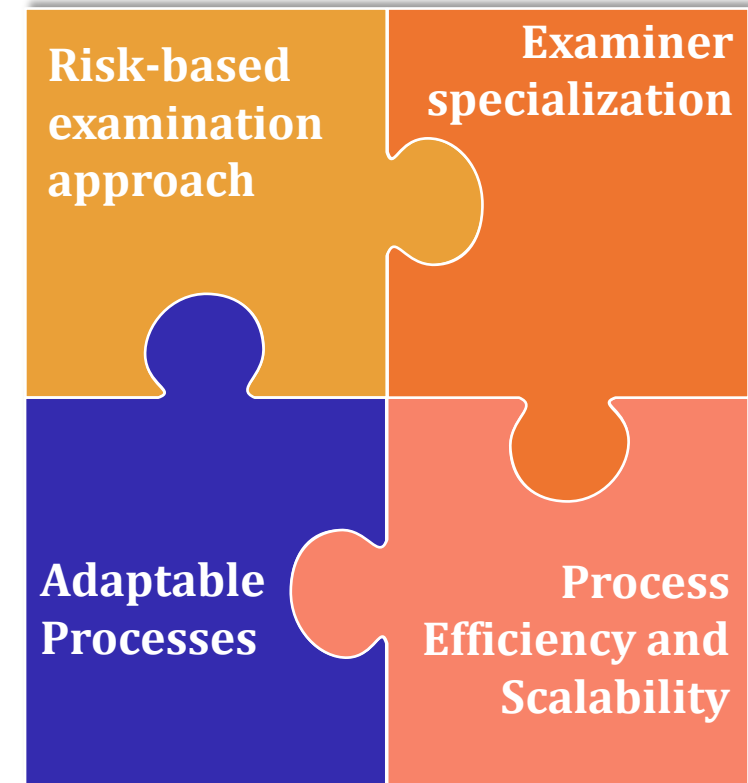
The NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the United States, The NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions. At MyCreditUnion.gov, the NCUA also educates the public on consumer protection and financial literacy issues.

Examination Tool Modernization Principles

Address key business and technical drivers by providing a modernized solution.

- **Support** NCUA's mission of protecting consumers in an evolving financial services environment
- **Implement** adaptable, flexible and secure technology that evolves with changes to regulations and the financial services industry
- **Streamline and align** examination and data processes, technology, and infrastructure across NCUA business functions
- **Gain** process efficiencies with an integrated, scalable platform and robust tools
- **Process Standardization:** We want to increase consistency across the examination life-cycle
- **Data:** We want to increase our attention:
 - Data Security
 - Data Visibility
 - Data Standardization
 - Examination Quality
 - Examination Experience

Business Imperatives



The What: Desired Business Outcomes

Program Scope:

- **Examination and Supervision Solution (ESS):** Replace the existing legacy examination system and related supporting systems
- **Examination and Supervision Solution & Infrastructure Hosting (ESS&IH):** ESS&IH project focused on replacing the legacy Examination System, establishing a secure portal to access applications, and creating the technical foundation for all future projects

Expected Benefits

- Emerging technology
- More capacity for offsite work
- Secure data exchange
- Reliable data
- Less redundancy
- Centralized and 360° view
- Earlier risk identification

Desired Outcomes



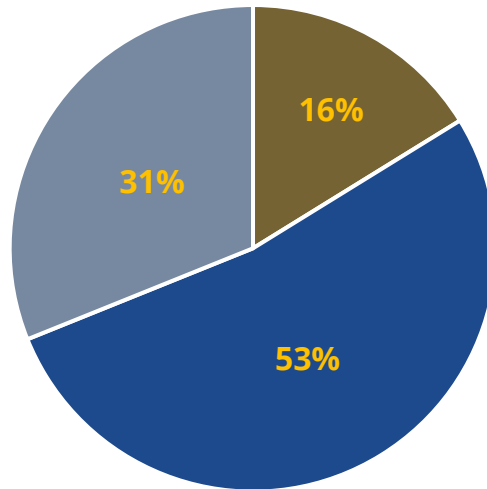
Secure, scalable, modern IT infrastructure established. Tool configuration will improve collaboration, reduce redundancy, drive efficiency, and strengthen risk identification

Credit unions will realize benefits from more secure, enhanced file transfer capabilities, managing examination findings, and analytics

**Stakeholder engagement with staff and external parties;
User Adoption**

Industry Statistics on Project Outcomes

Overall Project Statistics



- **Successful** – The project is completed on-time and on-budget, with all features and functions as initially specified.
- **Challenged** – The project is completed and operational but over-budget, over the time estimate, and offers fewer features and functions than originally specified.
- **Impaired** – The project is cancelled at some point during the development cycle.

IT Project Failure Statistics

- On average, 16% of projects are completed on-time and on-budget, 53% of projects are challenged, and 31% of projects will be cancelled before they ever get completed.
- On average, 53% of projects will cost 189% of their original estimates.
- On average, 31% of challenged or cancelled projects have 100 to 200% cost and schedule overrun.

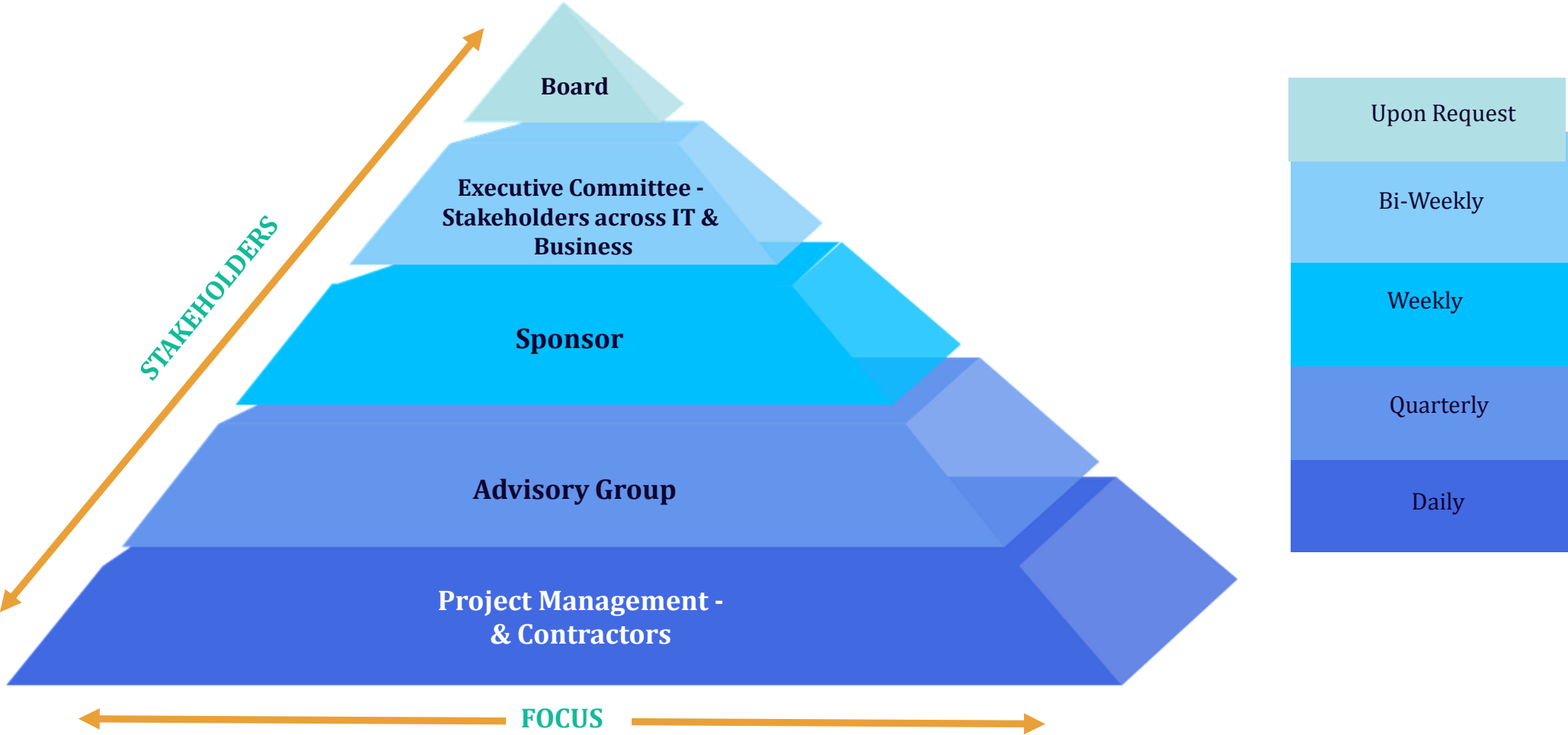
Risk Areas for New Programs

Overcome with:

- Market research/ Benchmarking
- Support from senior management
- Defined Goals & Objectives
- Stakeholder analysis
- Communication Plan
- User Involvement throughout the process
- Governance & Gate Reviews



Project Governance



Organizational Change Management Framework

Change Management is the discipline that guides how to prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes.



Change Leadership builds and sustains support among executive leaders and stakeholders and provides guidance and governance mechanisms to promote program success.

Stakeholder Management focuses on obtaining buy-in and ownership of the changes to be implemented. **Communications** focuses on establishing awareness, setting expectations, and creating buy-in.

Skills and Knowledge focuses on assessing and implementing required skills and knowledge to support and sustain the change (e.g., training strategy, knowledge sharing processes).

Transformation Management & Strategy focuses on managing the implementation, ensuring the alignment of the organization towards program objectives (e.g., change impact analysis).

Organizational Design is clarifying work responsibilities and redefining jobs as well as their structure, governance mechanisms, and other organizational elements to drive new behaviors supporting strategic change and business results.

Culture Transformation is managing the transition to a new way of working, thinking and behaving.

Key Takeaways

Project Management, Acquisition, Governance

- Risk adjust initial budget/cost proposal when there are unknowns and be transparent with stakeholders.
- Invest in staff training so project teams are empowered to ask the right questions and adequately perform oversight.
- Fully embrace the agile process, but manage expectations about the positive and negative impacts.

Change Management

- Have strong stakeholder support for the project.
- Have a communication strategy to manage expectations - stakeholders may anticipate the same functionality they had with the legacy system.
- Plan for extra resources and support during testing phases.
- When possible, offer in-person, hands on training.
- Create a user support strategy and plan for end-user assistance.

An aerial photograph of Miami, Florida, showing a wide sandy beach on the left, turquoise ocean waves, and a dense urban skyline of high-rise buildings on the right. A semi-transparent green wireframe grid is overlaid on the scene, curving from the beach towards the buildings. In the center, a white box with a black border contains event information.

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Questions?