

NCUA 2025 Annual Performance Plan and New Chairman

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On January 16, the National Credit Union Administration (NCUA) released its 2025 Annual Performance Plan (the “Plan”), outlining its strategic priorities, resource allocations, and regulatory focus for the fiscal year. This plan aligns with the NCUA’s 2022-2026 Strategic Plan, which is centered on three primary goals:

- Ensuring a safe, sound, and resilient system of cooperative credit that safeguards consumers
- Enhancing financial well-being through access to equitable and affordable financial products and services
- Optimizing organizational performance to fulfill the NCUA’s mission effectively

The plan establishes performance indicators and targets for each strategic objective while detailing key agency initiatives and associated budgetary considerations.

While the NCUA will remain centered on these primary goals, the shifts in federal administration in Washington, in particular among financial regulatory agencies, may signal potential changes to the NCUA priorities and this Plan.

Key Takeaways for Credit Unions

Share Insurance Fund Management

The NCUA will continue its prudent oversight of the Share Insurance Fund, which provides at least \$250,000 in federal insurance per individual depositor to 142 million members across all federal credit unions and most state-chartered credit unions. The NCUA Board sets the normal operating level of the Share Insurance Fund, subject to a statutory minimum of 1.20%. The normal operating level is the equity ratio measuring the overall capitalization of the fund to protect against unexpected losses from credit union failures. As of December 31, 2024, the normal operating level for the fund is set at 1.33%.

Supervision and Risk Management

The agency will maintain rigorous supervision of federally insured credit unions, with a focus on mitigating risks and ensuring regulatory compliance in key areas, including:

- Interest rate risk
- Liquidity risk
- Credit risk
- Reputation risk
- Transaction risk
- Compliance risk
- Strategic risk

Additionally, the NCUA will conduct fair lending examinations, enforce consumer financial protection laws, and handle consumer complaints.

Emerging Risks and Cybersecurity

The NCUA is intensifying its oversight of emerging risks, particularly in cybersecurity and climate-related financial risk. The agency will:

- Assess cybersecurity practices and asset concentration risks in credit unions
- Appoint a climate-related financial risk officer to develop tools and training for both credit unions and examiners

Financial Technology (FinTech) and Digital Assets

Recognizing the evolving financial landscape, the NCUA will examine the regulatory implications of financial technologies, including:

- Artificial intelligence (AI)
- Digital ledger technology
- Digital assets

The agency will facilitate dialogue between credit unions and FinTech providers while studying the challenges and opportunities associated with adopting these innovations.

Promoting Financial Inclusion and Supporting Minority Institutions

The NCUA remains committed to expanding consumer access to affordable, federally insured financial products. Key initiatives include:

- Supporting small, minority, low-income, and newly chartered credit unions
- Providing education, outreach, and resources to credit unions serving financially underserved populations
- Encouraging the growth and sustainability of minority depository institutions

Workforce Development and Diversity

The NCUA will continue investing in its workforce by:

- Enhancing employee training and development programs
- Addressing barriers to equal employment opportunity and cultivating an inclusive environment
- Implementing workforce planning and succession strategies

Technology and Business Process Enhancements

The agency is focused on modernizing its operational capabilities by:

- Strengthening IT security
- Implementing resilient and data-driven technology solutions
- Expanding its Enterprise Data Program and business intelligence initiatives

Organizational Governance and Risk Management

The NCUA aims to ensure sound governance practices through:

- Promoting efficiency, accountability, and transparent decision-making
- Strengthening financial reporting and risk management frameworks
- Increasing contracting opportunities for minority- and women-owned businesses

Next Steps for Credit Unions under New Chairman

The NCUA's 2025 Annual Performance Plan underscores the agency's continued emphasis on risk mitigation, regulatory compliance, and financial inclusion. However, four days after the approval of the Plan, Kyle S. Hauptman, who has served as the NCUA Vice Chairman since late 2020, was designated the Chairman of the NCUA. Chairman Hauptman has stated his priorities as:

- Re-examining the current NCUA budgeting process.
- Identifying achievable internal efficiencies to reduce frictions in NCUA's operations.
- Promoting the appropriate use of AI as a tool for NCUA employees.
- Focusing on financial inclusion, which means removing barriers to de novo credit unions and remove the "pain points" that have led to fewer small credit unions.
- Protecting Americans from regulation-by-enforcement, e.g. enforcement actions should not be used to set or clarify policy.
- Making clear that credit unions and their members are best positioned to assess their communities' climate risks.
- Re-assessing policies that may dissuade credit unions from serving low-income areas, including overdraft policies, particularly for credit unions located in states with especially punitive government late fees/penalties.
- Right-sizing credit unions' obligations where possible under the Bank Secrecy Act, including regulations surrounding Suspicious Activity Reports.

Many of these stated priorities dovetail with the Plan and supervisory priorities, but some signal a shift to align with those of the current administration. Credit unions should assess the Plan's outlined priorities and ensure alignment with evolving supervisory expectations, but also consider Chairman Hauptman's statements and how they reflect potentially changing priorities.

For further details, clients can access the full plan and related resources—including strategic planning documents, budget information, and cybersecurity guidance—on the [NCUA's website](#).

For More Information

We are available at any time to answer questions, discuss scenarios, and provide guidance. If you would like further information concerning the matters discussed in this article, please contact the following attorneys or the Chapman attorney with whom you regularly work.

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