

NCUA's 2026 Supervisory Priorities

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: January 2026 **LETTER NO:** 26-CU-01
TO: Federally Insured Credit Unions
SUBJ: NCUA's 2026 Supervisory Priorities

Dear Boards of Directors and Chief Executive Officers:

This letter outlines NCUA's supervisory priorities and other 2026 examination program updates. Our priorities focus on areas posing the highest risk to credit union members, the credit union industry, and the National Credit Union Share Insurance Fund (Share Insurance Fund). Consistent with the agency's No Regulation-by-Enforcement policy, this letter is meant to assist credit unions as they plan for this year.

In 2025, the agency reexamined how we carry out our mission, laying the foundation for improved efficiency by reducing burdensome work for both credit unions and NCUA staff. Moving forward, the agency will be focused on creating a more efficient and tailored examination program as well as continued implementation of Presidential executive orders and other laws, including the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act ([P.L. 119-27](#)).

NCUA will continue conducting defined scope exams in most federal credit unions with assets of \$50 million or less, and risk-focused exam procedures for all other credit unions. The priorities described below are meant to provide credit unions with insight into the general focus of NCUA examinations. NCUA examiners are expected to shift the areas of supervisory focus based on a credit union's risk profile when appropriate.

The agency will continue to enforce all laws and regulations applicable to credit unions, such as those related to consumer financial protection and information security. NCUA examiners will continue to focus on areas of risk where and when needed.

Supervisory Priorities for 2026

Balance Sheet Management

Lending

Loan growth has moderated in recent years, while loan performance has declined. The overall delinquency rate and rolling 12-month loss rate within federally insured credit union loan portfolios is at its highest point in over a decade. Asset quality deterioration and elevated loan losses remain material contributors to balance sheet stress, especially where higher-cost funding such as share certificates and borrowings limit margin recovery.

To assess lending practices and overall credit risk, NCUA examiners will focus on credit union lending and related risk-management practices. Specific review areas will focus on institution-specific risks and may include the sufficiency of credit administration, including loan underwriting, loss mitigation programs (including loan modifications and workouts), Allowance for Credit Loss reserves and methodologies, and charge-off practices. NCUA examiners will review portfolio monitoring, including the management of any material credit risk concentrations. When lending, servicing, or collection functions are outsourced, examiners will also assess third-party risk-management practices as appropriate.

For lending-related resources, refer to the [Examiner's Guide](#) and the following:

- 23-CU-05, [Commercial Real Estate Loan Accommodations and Workouts](#)
- 23-CU-04, [Update to Interagency Policy Statement on Allowances for Credit Losses](#)
- 14-CU-08, [Home Equity Lines of Credit Nearing Their End-of-Draw Period](#)
- 07-CU-13, [Evaluating Third Party Relationships](#)
- 03-CU-01, [Loan Charge-off Guidance](#)
- Supervisory Letter 10-03, [Concentration Risk](#)

Sensitivity to Market Risk and Liquidity

Sensitivity to Market risk, particularly Interest Rate Risk (IRR), and Liquidity risk remain key supervisory priorities as credit unions continue to adjust to a higher-rate environment following an extended period of balance sheet expansion and repricing. While recent declines in interest rates have lessened some pressures, elevated funding costs, asset quality challenges, and structural liquidity constraints continue to affect earnings and balance sheet resilience. In this environment, replacing defaulted or lower-yielding assets has become more challenging, increasing reliance on higher-yielding loans, and heightening sensitivity to both upward and downward rate movements. While interest rates have begun to decline, many loans and funding costs have not yet fully repriced, resulting in continued, albeit less, pressure on consumers compared with peak rate levels.

Recent liquidity challenges have reinforced the importance of diversified funding strategies and robust liquidity risk management. Accordingly, credit unions should expect continued supervisory focus on these areas to ensure institutions can withstand a range of interest rate and funding stress conditions.

NCUA examiners will continue to review a credit union's ability to identify, measure, monitor, and control interest rate and liquidity risks through sound modeling practices, reasonable assumptions, and appropriately tiered scenarios. Reviews will focus on how credit unions incorporate these risks into governance frameworks, contingency funding plans, and strategic decision-making, including alignment between balance sheet structure, funding composition, and risk appetite.

For more sensitivity to market and liquidity risk information, refer to the resource list below.

- Examiner's Guide, [Liquidity](#) and [Sensitivity to Market Risk](#)
- 22-CU-09, [Updates to Interest Rate Risk Supervisory Framework](#)
- Supervisory Letter 22-01, [Updates to Interest Rate Risk Supervisory Framework](#)
- Webpage, [Liquidity Risk Resources](#)

Earnings and Capital Adequacy

Earnings and capital adequacy remain central supervisory priorities as asset quality pressures, elevated funding costs, and interest rate risk volatility continue to affect balance sheet performance. Asset quality deterioration and higher allowance expenses remain the primary drivers of earnings pressure, while elevated funding costs constrain margin recovery and capital accumulation. Although regulatory capital levels, as measured by the net worth ratio, have improved for many credit unions, earnings have shown less resilience. Further, equity capital continues to reflect unrealized losses associated with long-duration securities credit unions acquired during the recent low-rate environment, which may limit balance sheet flexibility under stress.

When evaluating a credit union's earnings, NCUA examiners will assess whether the current and prospective sources of earnings are sufficient to support capital targets under a range of interest rate, credit, and liquidity stress scenarios. NCUA examiner reviews may focus on policies, procedures, risk limits, and capital planning practices, including how credit unions incorporate interest rate risk, funding constraints, and concentration risks into their capital adequacy assessments. This supervisory approach will emphasize forward-looking analysis aligned with a credit union's size, complexity, and risk profile.

For more earnings- and capital-related information, refer to the resource list below.

- Examiner's Guide, [Earnings](#)
- Supervisory Letters 09-03, [Reviewing Adequacy of Earnings](#) and 06-01, [Evaluating Earnings](#)
- Webpage, [Regulatory and Compliance Resources](#)

Operational Risk Management

Payment Systems

The payments environment continues to evolve rapidly as consumer expectations shift toward more efficient methods that provide for immediate access to funds and funds transfers.

Payment systems rely on increasingly complex integrations of applications, information systems, interfaces, security features, and internal controls. This complexity introduces the potential for added operational and security risk exposures. The risks of fraudulently induced payments, illicit use of consumer data, and cybersecurity breaches targeting payment systems continue to grow.

NCUA examiners will continue to assess whether credit unions have effective governance, risk assessments, vendor management, and security frameworks in place to support payment system operations, protect member data, and ensure resilience against fraud and cyber threats inherent in payment ecosystems.

For more payment systems information, refer to the [Retail Payment Systems](#) and the [Wholesale Payment Systems](#) topics in the Federal Financial Institutions Examination Council's IT Examination Handbook Infobase.

Fraud Prevention and Detection

Fraud remains a pervasive and elevated risk in the U.S. financial system. NCUA examiners will continue to review credit union efforts to deter and detect fraud, including the adequacy of internal controls and separation of duties to guard against insider abuse.

In 2026, the agency will review its examination procedures to ensure internal control and other review areas align with the ever-changing fraud landscape. NCUA will continue to work with key stakeholders in the credit union, regulatory, and law enforcement communities to enhance fraud prevention and detection awareness and capabilities where possible.

Visit [NCUA's Fraud Prevention Resources](#) page for fraud prevention information.

Compliance Risk Management

Bank Secrecy Act (BSA) Compliance and Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Programs

The BSA landscape will continue to evolve throughout 2026. The Financial Crimes Enforcement Network (FinCEN) and the federal financial institution regulators, including NCUA, continue to implement provisions of the Anti-Money Laundering Act of 2020 designed to modernize and strengthen the U.S. AML/CFT regime. Concurrently, FinCEN and the regulators will continue to evaluate ways to reduce BSA compliance burdens while helping financial institutions maintain effective, risk-based AML/CFT programs.

Significant developments and changes in the regulatory system are expected in 2026. NCUA will notify credit unions of regulatory changes, and credit union personnel may also sign up to receive [FinCEN Updates](#). Regardless of the notification method, credit unions should stay informed to ensure their BSA policies, procedures, internal controls, and overall AML/CFT programs remain in compliance with changes.

The emphasis in 2026 will be on evaluating your credit union's risk-based approach to BSA compliance and how well the AML/CFT program is tailored to the credit union's specific risk profile. NCUA examiners will consider whether credit unions focus their resources on the areas of greatest money laundering and terrorist financing risk and whether policies, procedures and controls are effective at mitigating illicit financial activity risks.

For more information and resources, visit the agency's [BSA/AML Resources](#) webpage.

Conclusion

NCUA is dedicated to supporting credit unions, developing right-sized regulations and policies that safely advance innovation within the credit union system, and protecting member deposits and the Share Insurance Fund through productive, streamlined credit union supervision.

Focusing on these priorities, along with reviewing areas of risk specific to each credit union, NCUA's examination and supervision program will continue to facilitate a safe and sound credit union system. We welcome your feedback as we navigate the ever-changing economic and technological ecosystems together.

As a reminder, credit unions may find it useful to record their NCUA final exit meeting or joint conference for documentation and training purposes. We ask that this recording be shared with NCUA. We encourage state-chartered credit unions to consult their regulators prior to recording meetings.

Please direct any feedback or questions concerning the 2026 supervisory priorities to your NCUA examiner, regional office, or [AskNCUA](#).

Sincerely,

/s/

Kyle S. Hauptman
Chairman

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