

**Testimony of Nguyen Van Hanh
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On

**Nomination to the Board of Directors of
The National Consumer Cooperative Bank**

Before the

Committee on Banking, Housing and Urban Affairs

United States Senate

May 10, 2007

Chairman Dodd, Ranking Member Shelby, and distinguished Members of the Committee, I am honored to appear here today as a nominee to become a member of the Board of Directors of the National Consumer Cooperative Bank.

Mr. Chairman, I am here because I believe my combined experience as an economic development professional and a community leader is consistent with the mission of the National Consumer Cooperative Bank, also known as NCB. NCB was established to serve the needs of the underserved communities across the nation, primarily through user-owned cooperatives. From its founding and continuing through today, an important element of its mission has been assisting low-income persons and communities. The objective of NCB is also the focus of my career and personal commitment during the past four decades, as I strongly believe in the potential entrepreneurial talent of many among the underserved, and low-income people deserve an opportunity to advance themselves and contribute to our society.

I was born in Vietnam, and I was naturalized as a U.S. citizen. My professional experience includes many years of working with refugee and low-income populations. Currently I am teaching economics at the California State University, Sacramento (CSUS) and working on international programs in financial education as an Affiliate Professor at George Mason University. I received my Ph.D. degree in economics from the University of California, Davis.

In late 1970's, when thousands of refugees from Southeast Asia arrived in the U.S., I served as Director of the California Refugee Program. For six years, my responsibilities gave me the opportunity to learn first-hand the severe financial needs and other difficulties facing the newcomers, who had lost everything in their pursuit of freedom in America. In response to the hardships experienced by my fellow countrymen from Vietnam and other newly arriving refugees, I helped found the Bach-Viet Association, Inc. in collaboration with a group of local community leaders to provide socio-economic assistance to Southeast Asian and Russian refugees. I was elected to serve as the first President of this community-based association during 1983-85. This non-profit organization is still in operation today, helping refugees and minorities in Sacramento.

My work continued in the subsequent years at the national level during 1991-1993, when I served as Deputy Director of the Office of Refugee Resettlement in Washington, D.C. My focus was on providing financial and socioeconomic assistance to promote self-sufficiency and adaptation of hundreds of thousands of low-income New Americans nationwide. A micro-enterprise loan program was established in 1991 to provide seed money for start-up businesses by disadvantaged entrepreneurs who could not access financial resources from traditional banking institutions. The refugees, immigrants, and minorities shared the same common barriers in gaining access to investment capital, as they were often perceived collectively as high-risk borrowers, without track records and collateral. Indeed, many non-profit organizations serving the low-income population and communities

voiced their concerns and frustration as the diverse communities continued to struggle for economic independence and an opportunity to contribute to our society.

Most recently, from 2001 to early 2006, as Director of the Office of Refugee Resettlement (ORR), I had the unique opportunity to expand existing programs and to initiate new ones to address the financial needs of the growing communities. For example, funds were allocated for the micro-enterprise and the Individual Development Account (IDA) programs, as well as the newly established Refugee Rural Initiative.

These programs, supported by other social assistance efforts, have helped tens of thousands of low-income people to build assets for their new businesses and improved their technical training, health care services, and economic self-sufficiency. Annual reports from ORR to Congress during 2001-2005 discussed the benefits of these programs to a large number of low-income New Americans, in partnership with community-based organizations, local financial institutions, resettlement agencies, and State governments. For example, during 2004 alone, the Micro enterprise Development Program under my responsibility operated 29 projects in 20 States across the country.

The program assisted 54 non-profit self-help groups and other grantees from rural and urban areas with high concentrations of low-income people with about

\$5.8 million to provide direct loans and technical assistance to diverse participant groups.

Through an innovative asset –building mechanism for business development, my office also managed the IDA program, providing matching funds for the modest savings made by low-income participants. The IDA program offered these entrepreneurs a path into economic mainstream and long-term financial independence. In addition, I also started a new rural initiative for agricultural small business development to provide much needed financial and technical assistance to many among the underserved in California, Wisconsin, Minnesota, North Carolina, and several other States.

Through direct engagement in these programs I became quite concerned about the widespread unmet needs of the much larger low-income population nationwide. This awareness strengthened my interest and commitment to promote access to investment capital for the underserved.

I recently became very encouraged to learn that NCB has successfully provided effective banking and financial services to many communities across the nation, the type of financial resources necessary to address the needs of the minorities I was working with.

NCB indeed represents an effective solution to the barriers experienced by communities that need comprehensive banking and financial services to engage in productive activities leading to economic growth and social stability nationwide. Being a private member-owned banking institution since December 1981, as you may know, NCB has been actively providing a wide spectrum of financial services to cooperatives and other member-owned organizations throughout the nation. These services continued to focus on the original vision and objectives of the NCB when it was first established by Congress in 1978. As our society has changed in the past few decades, emerging needs of the low-income populations have expanded. NCB has directly provided over \$3 billion in specialized lending, investments, and technical assistance to underserved communities across the country, especially benefiting those in need of help in health care, education, affordable housing and small business development. These needs are similar to those experienced by the growing population of New Americans.

Problems created by poverty in America are being addressed by innovative community lending and expert technical assistance, which has been built into NCB's non-profit affiliate NCB Capital Impact, formerly named NCB Development Corporation. NCB Capital Impact is designed to empower the underserved communities through self-help, democratic control, and community participation. In the past three years alone, NCB Capital Impact has financed over 4,700 units of affordable housing, 14,800 school seats, 8,700 affordable assisted living units for

seniors and persons with disabilities, and 2.4 million square feet of community health center space serving 350,000 patients nationwide.

NCB established an innovative lending program for a number of regional charter schools in the Mid-Atlantic States, Georgia, Florida, Wisconsin, Minnesota, and California for construction and new facility acquisition in partnership with the U.S. Department of Education and the California School Association.

NCB's new affordable cooperative homeownership has developed over 1,600 affordable housing units in partnership with the City of New York and community-based developers. NCB has also actively assisted low-income seniors and persons with disabilities over the past decade through its community development and lending programs. Initiatives by NCB produced a supply of affordable assisted living in 13 states currently in service that may not have materialized otherwise, as well as the long-term care facilities for 106 assisted living residences in operation and development, all so vital to many low-income groups.

Being trained as an economist, with extensive experience working with the low-income communities, I believe I am qualified to serve on the Board of Directors of NCB.

If confirmed, I intend to promote the best practices of NCB in developing access to investment capital and financial services for the low-income to expand the

partnership between the cooperative banking sector and the communities across the nation, and to make a substantive contribution to the Board of Directors of NCB.

Your consideration is very much appreciated. Thank you for the honor to be here. Allow me to respond to any questions you may have at this time.