



February • 2017

**Call Report Modernization Initiative:
External Stakeholder Feedback
National Credit Union Administration**



Overview and Objectives

The National Credit Union Administration's regulation and supervision of federally insured credit unions is designed to protect the safety and soundness of credit unions and to enforce the applicable laws and regulations that protect members. As the financial services industry and credit union risk landscape evolve, NCUA must regularly review and update our processes—including those related to data collection. Additionally, NCUA must collect the data needed to properly monitor and supervise risk at federally insured credit unions without imposing an undue reporting burden.

On October 24, 2013, NCUA adopted a rule requiring all federally insured credit unions to electronically file quarterly 5300 Call Reports and update 4501A Profile data. When the rule went into effect in January 2014, the change reduced agency operating costs and incorporated environmentally responsible practices, as well as serving to reduce data entry errors. NCUA publishes quarterly Call Report deadlines and provides support materials on [NCUA.gov](http://ncua.gov).

At the May 19, 2016 meeting of the NCUA Board, the agency discussed plans for modernizing NCUA's data collection of data from federally insured credit unions. The objective is to explore how changes to NCUA's data collection practices can enhance off-site monitoring and pre-exam planning as well as reduce the burden on submitting credit unions.

To achieve this objective, NCUA created the Call Report Modernization working group, which complements NCUA's Enterprise Solution Modernization program.¹ The working group is employed a variety of outreach vehicles to gauge stakeholder views. This report focuses on the input received from the Request for Information in the Federal Register.

¹ The Enterprise Solution Modernization initiative is modernizing NCUA technology solutions to create an integrated examination and data environment. Related questions and suggestions may be sent to bimail@ncua.gov.

External Stakeholder Feedback

In June 2016, NCUA issued a Request for Information in the Federal Register seeking public input on the regulatory data collected through the Call Report and Profile.² The request posed the eight questions below and comments were accepted through August 15, 2016.

1. What specific areas of the Call Report and Profile forms do you find challenging to complete?
2. What sections, schedules or items on the Call Report and Profile could be made optional for small or non-complex credit unions without complicating assessments of risk?
3. What specific items would you like to see added to the Call Report and Profile to enhance analysis of local, regional, and national performance trends or improve comparisons of individual credit unions with peer institutions?
4. Are current Call Report account categories (database fields) reasonably aligned with your internal accounting? If not, what changes would improve the alignment?
5. Are the Call Report and Profile instructions adequate? If not, what improvements (overall and peculiar to specific items or schedules) would improve clarity and reduce reporting burden?
6. Could re-organization of the Call Report or Profile reduce reporting burden?
7. Does the Call Report contain elements that should be moved to the Profile? Does the Profile contain elements that should be moved to the Call Report?
8. Do you have concerns or ideas about NCUA schedules or forms for collecting financial and non-financial information not addressed above?

In general, external stakeholders were pleased with the opportunity to comment or make recommendations to enhance the Call Report and Profile. We received 53 comment letters from stakeholders, which we separated into 684 individual comments and recommendations.

Table 1 Comments by Stakeholder Groups

Name of Stakeholder Group	Total Comments
Federal credit unions	148
Federally insured state-chartered credit unions	164
Credit union leagues	153
State and national trade associations	188
State supervisory authorities	10
Other (industry analysts)	21
Total	684

² [Modernizing Data Collection for Regulatory Oversight of Credit Unions](#), *Federal Register* (Request for Information), June 7, 2016.

We categorized the 684 individual comments by either the Call Report or Profile. Then, for additional analysis, the individual comments were placed into different categories, such as aesthetics, functionality, user guide, data fields, errors, warnings, and instructions. The table below shows the comments by category.

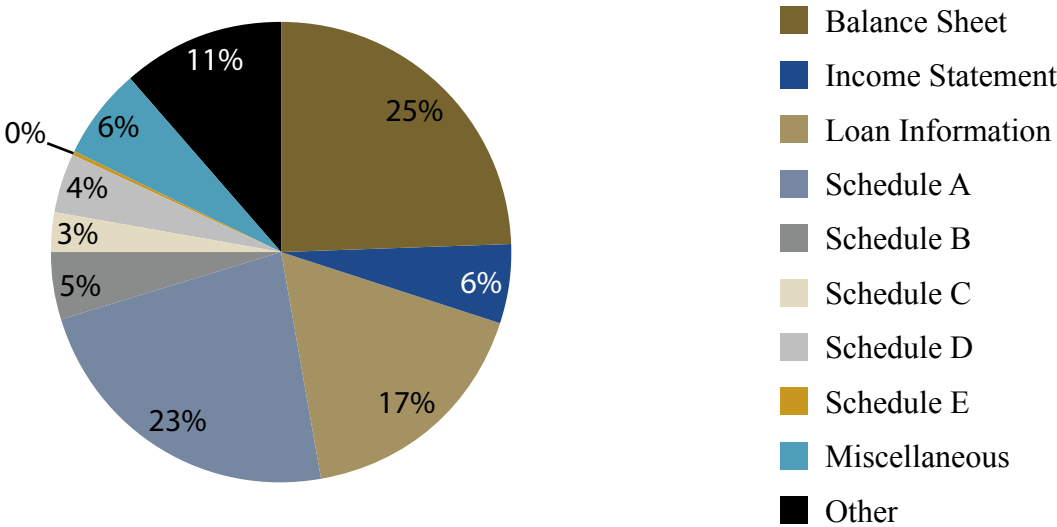
Table 2 Comments by Category

	Call Report Comments	Profile Comments
General	291	14
Aesthetics	5	0
Data Fields	211	10
Warnings	12	0
Errors	2	0
Functionality	46	6
Instructions	45	0
User Guide	0	0
Other	40	2
Total	652	32

Table 2 shows the majority of comments were related to the Call Report itself, with 652 or 94.3 percent comments. Only 32 comments, or 4.7 percent of total comments submitted, were related to the Profile.

As part of our analysis, we separated comments that contained specific details by the sections of the Call Report form. The chart in figure 1. illustrates all Call Report comments by the sections of the Call Report form:

Figure 1 Call Report Form Sections



The balance sheet section received the highest number of comments with 71 or 25 percent. Stakeholders suggested modifying balance sheet reporting requirements for investments, delinquency, and charge offs. Several stakeholders also suggested updating the structure of the loan schedule (found on page two of the Call Report), including making member business loans (MBL) a separate data field.

Schedule A received the second highest number of comments with 67 or 23 percent. A sizable portion of stakeholders told us about the challenges they have completing the MBL section of the Call Report.³ Specifically, there is confusion about where users should enter data and in identifying data elements that are not required. The remaining Schedule A suggestions were related to reporting of troubled debt restructurings, residential, consumer and participation loans.

In addition to separating out the Call Report form section comments, the following summarizes the working group's analysis feedback on the three highest-commented areas: data fields, functionality, and instructions.

Data Fields

The data fields category includes stakeholder recommendations to add (41 comments), delete (76 comments) or modify (104 comments) specific data fields. On page two of the Call Report, many stakeholders suggested adding subcategories for loan types.

Delinquency reporting was mentioned frequently, some requested additional subcategories to break down delinquency levels further by loan type, while others requested we scale back the number of delinquent loan categories. Stakeholders that requested modifications to the data fields wanted changes to MBL and investment reporting fields. Lastly, stakeholders emphasized the need to remove unnecessary or repetitive data fields.

Functionality

A frequent functionality recommendation commenters made was to allow credit unions to select the applicable Call Report schedules necessary for their particular credit union, which may reduce time spent completing a Call Report.

Other recommendations related to the Call Reporting system (CU Online) functionality included:

- Allow an option to download the Call Report in Excel, CVS format or both;
- Consult with the core-processing vendors used by credit unions to better understand system capabilities, such as system and time requirements for making changes or updates to the core system;
- Build tolerances into systems to avoid rounding issues that affect reconciliation (a suggestion was a \$5.00 difference);

³ The revised MBL Rule became effective January 2017. The March 2017 Call Report will reflect the new MBL reporting requirements that will align with the revised rule.

- Scale automatically generated historical warnings to a credit union’s asset size or complexity, as well as regularly adjust warning thresholds to account for current economic factors;
- Add a “save and continue” option so that certification is not required each time a credit union changes something in the Profile; and
- Add pop-ups that provide instructions when a user hovers over a given cell in the Call Report or Profile so a credit union does not have to refer to the instructions each time a user needs to look up an item.

Call Report Instructions

More than half of the comments were related to the Call Report instructions. Specifically, stakeholders requested NCUA improve the overall quality of the instructions with better descriptions and additional clarity. Commenters indicated the instructions are ambiguous, making it difficult for credit unions to compile and report accurate information. Commenters wanted the instructions to include expanded guidance and examples, which may help reduce the uncertainty of what should be reported. Improving the clarity of the Call Report instructions will increase the accuracy of data and efficiency of the process.

Credit Union Profile and Instructions

Stakeholders frequently commented on the duplication of information requested between the Profile and the Call Report causing credit unions to enter the same data several times. Stakeholders recommended that we streamline the information and eliminate this redundancy.

Six stakeholders requested changes to the certification of the Profile. Specifically, they requested adding the ability to “save” as an option for incremental changes, so certification is not required each time a user makes a change to its Profile. Currently this feature is not possible and interruptions could result in the loss of data entered. Commenters indicated adding this option would provide flexibility when more than one change is necessary. Routine changes could then be entered incrementally, meaning a user could save and exit, and then resume at another time.

Another recurring comment was the Profile is very detailed and can be burdensome to review and update. Commenters suggested NCUA reduce the Profile information to include only the most critical information or data.

Other Comments and Recommendations

Beyond the comments related to the Call Report and Profile, stakeholders offered feedback on how to improve NCUA’s process for responding to Call Report questions. Remarks included the need for NCUA to accurately resolve Call Report questions in a reasonable timeframe and recommendations for NCUA to post the most common questions received on NCUA’s website as a quarterly FAQ. Some commenters reported that it takes several days to receive a response to questions, and requested a more efficient process for responding to Call Report questions.

Two stakeholders supported establishing policies and procedures for periodic review of the Call Report and Profile instructions. Commenters also wanted NCUA to ensure information being collected is relevant. This would include measuring the volume of data credit unions report to determine the activity in particular services.

Conclusion

Overall, feedback from external stakeholders validated the need to update NCUA's data collection process to reduce unnecessary burden on credit unions. Many commenters suggested NCUA should focus on only capturing information relevant to assist with monitoring the safety and soundness of credit unions. Commenters frequently noted redundancy and duplication of work in many areas when completing the Call Report and Profile. Additionally, credit union staff reported that the manual process of entering information into the Call Report was labor intensive. Commenters expressed an interest in a smarter data entry system, in which required data fields are based on a credit union's size and complexity versus a one-size-fits-all approach.