

August 15, 2016

Mark Vaughan
Office of Exam and Insurance
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Request for Information – Modernizing Data Collection for Regulatory Oversight of Credit Unions

Dear Mr. Vaughn,

I am writing on behalf of the California and Nevada Credit Union Leagues (Leagues), one of the largest state trade associations for credit unions in the United States, representing the interests of more than 350 credit unions and their more than 10 million members/consumers. The Leagues welcome the opportunity to provide comments to the National Credit Union Administration (NCUA) on its efforts to modernize the 5300 Call Report (Call Report) and Form 4501A Credit Union Profile (Profile).

We appreciate the NCUA's undertaking of this process as part of the larger efforts to modernize and improve the examination and supervision process. Modernization and the use of current technology for the Call Report, the AIRES System, and other systems will help to alleviate some of the regulatory burden experienced by credit unions. We agree with the NCUA's stated goals that (a) all material federally insured credit union risk exposures are captured; (b) data offering little insight into these exposures are no longer solicited; and (c) the reporting burden on supervised institutions—particularly small or non-complex credit unions—is minimized.

It is important that the systems be more user-friendly, intuitive, and efficient for credit unions while providing relevant data and increased efficiencies for the agency. Citing a 2014 survey¹ conducted by the Credit Union National Association (CUNA), on average, credit unions report spending nearly 2.5 FTE-days (19.2 hours) completing the 5300 and 4501A quarterly reports, with time requirements increasing substantially by credit union asset size (and operational complexity). The nation's largest credit unions report staff spends over a week (58.9 hours or 7.4 FTE days) on these reports. Over half (53%) note that the time required to file the reports has increased over the prior 5-year period.

The Leagues fully support changes that will achieve the following priorities:

1. Revise the forms to make them intuitive and easy to use (e.g., a “Turbo Tax” approach);
2. Only collect data that is accurate, relevant, and useable;
3. Collect data that more accurately reflects safety and soundness concerns;
4. Remove data that has little or no supervisory value or value to the industry for peer-to-peer comparison.
5. Remove data where the effort of collection outweighs the supervisory value;
6. The collection of new or additional data through the Call Reports is acceptable when it results in an overall reduction in regulatory burden or an improved/more efficient exam; and
7. Improve the clarity and descriptive quality of the instructions to the Call Report and Profile documents. Often instructions provide limited or vague guidance resulting in the variation of interpretation across the industry limiting the supervisory value of the responses.

¹ CUNA's “Call Report Requirements Survey”

Conclusion

The Leagues urge the NCUA to use this opportunity to make filing the Call Report and Profile process a more efficient and intuitive process for credit unions and to provide clear instructions. The modernization should also support an improved examination process, allowing examiners to conduct relevant reviews offsite, reduce the number of hours onsite at credit unions, and achieve efficiencies and cost savings.

Sincerely,

Diana R. Dykstra
President and CEO
California and Nevada Credit Union Leagues