



OHIO CREDIT
UNION LEAGUE

April 2, 2018

Ms. Mary Thor
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, VA 22314

Re: Request for Information Regarding Modernizing Data Collection for Supervision of
Credit Unions

Dear Ms. Thor:

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the National Credit Union Administration's (NCUA) request for information pertaining to the agency's plans for modernizing NCUA's collection of data from federally insured credit unions, including plans to update the call report.

As Ohio's 276 credit unions continue to modernize operations, enhance the member-experience, and offer consumer-friendly, non-predatory financial services, Ohio credit unions look to their prudential regulator to assist in creating an efficient and effective operating environment to serve nearly three million members. Historically, credit unions have been supportive of NCUA's examination modernization efforts. While the average asset size of an Ohio credit union is \$101 million, assets range from less than \$1 million to nearly \$4 billion. What is feasible for a \$500 million credit union may not be feasible for a \$25 million credit union. The crux of NCUA's proposal is that the intended goal is a part of a holistic solution to combat the burden of an over-regulated environment. Yet, this proposal increases the burden for many credit unions. The proposed depth and breadth of the continuing call report changes will pose a significant burden for the average Ohio credit union that is already challenged by how best to allocate limited staff and resources.

Data Modernization Via Call Report Update

For brevity, we will address only those issues posed within this RFI that we feel are most pertinent to Ohio's credit unions. OCUL extols the NCUA for actively working to reduce the regulatory burden, when appropriate. We appreciate that the agency is seeking to streamline the examination and supervisory processes with any eye toward the future industry, but we have a few concerns with this proposal.

As the agency is aware, generally credit union industry data is compiled and aggregated through a core processor system, which is handled off-site through a third-party for most credit unions. Having to rely on third-party vendors to implement new solutions and offerings as it relates to compliance and regulatory requirements, this significantly reduces the credit union's bargaining power, specifically as it pertains to timeliness. As such, OCUL suggests a one-year timeline to allow credit unions and vendors to acclimate to the new call report and to educate the industry on informational technology updates. Further, the NCUA should allow for a two quarter safe



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harbor where late filings or non-material reporting errors would not be subject to penalty, which is particularly helpful for the smaller-market credit unions.

In line with this proposed RFI, we feel the inclusion of additional items would be helpful. As the prudential regulator, the NCUA is actively listening to the needs of credit unions and adjusting regulatory requirements and information, where it is appropriate. In this same vein, we urge the agency to implement a “help” box on the call report. Credit unions have consistently articulated the need for additional direction and guidance in the call report instructions, leading many to suggest the utility of a “help” box being added to the call report form, akin to what is included on the examiner questionnaires. This addition could save valued time for the person executing the form.

Finally, there is an appropriate balance to be struck between actively listening for needs of the industry and making changes versus providing the industry with the space to flourish. For several years, NCUA has been updating the call report and continually adding new reporting fields. This trend has caused an increased burden on Ohio’s credit unions. As a concurrent initiative with the modernization efforts of the call report, the agency is focusing on modernizing the Automated Integrated Regulatory Examination System (AIRES). This dual effort, while well-intentioned, is not anticipated by credit unions to reduce the overall effect in the reporting burden. In fact, credit unions have already been working with their third party vendors to predict changes, costs, and timelines associated with the modernization efforts proposed in this RFI. As modernization updates and technical changes are necessary, we hope the agency will create equity where the benefits of modernization do not outweigh the costs, including the time and labor of the credit union staff working on special projects rather than serving their members.

Conclusion

Overall, OCUL and credit unions remain excited about the prospect of a finalized, modernized call report. We urge the agency to cease technical and other updates to the call report after this current initiative is finalized and implemented so that credit unions may have a period of time to focus on other, equally important items. As the NCUA continues the dialogue and planning process for call report modernization, OCUL looks forward to further collaborating with the agency. Thank you for the opportunity to provide comments on the call report modernization initiative. If you have further questions or would like to discuss OCUL’s comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President

Handwritten signature of Miriah Lee in black ink.

Miriah Lee
Manager of Policy Impact



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