

August 1, 2016

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

RE: National Credit Union Administration; Modernizing Data Collection for Regulatory Oversight of Credit Unions; 81 Federal Register 36600, June 7, 2016

Dear Mr. Poliquin:

The National Credit Union Administration (NCUA) has requested comments in preparation for a comprehensive review of two vehicles used to collect information for regulatory oversight of federally insured credit unions – the 5300 Call Report and Form 4501A Profile. The NCUA Board has identified three overarching goals, one being to “facilitate richer comparison of institution and industry trends by other parties.” NCUA has invited comments from an array of interested parties to provide assistance in attaining the Agency’s goals.

The American Bankers Association (ABA) appreciates this initial step by NCUA to collaborate with the public to modernize its collection of data and thereby improve transparency within the credit union industry. The ABA is uniquely qualified to comment as the association represents banks of all sizes and charters and is the voice for the nation’s banking industry and its employees.

Every federally insured banking institution is required to file a Call Report—different than that required by the credit union industry—containing reams of financial and non-financial information, making the banking industry an extremely transparent business. The banking industry’s Call Reports—approximately 70 pages long—require institutions to report on nearly 2,000 individual items, and this is not the only regulatory report banking institutions are required to file.

The NCUA Board must ensure the industry’s data collections evolve with financial services industry-wide practices. In addition, NCUA must ensure greater granularity and transparency in its data collections so as to identify risks created by federally-insured credit unions to the National Credit Union Share Insurance Fund (NCUSIF). In the remaining sections of this comment letter, we will focus on two specific areas we believe NCUA could provide additional transparency and granularity to aid in facilitating richer comparison of institution and industry trends by other parties.

- Reporting Branch Office Deposit Information Will Provide Consumers with Richer Data
- Implementing CRA Requirements Will Improve Knowledge of CU Lending Activity

Reporting Branch Office Deposit Information Will Provide Consumers with Richer Data

Branch office deposit information is reported by all financial service businesses, from commercial banks to saving and loan associations, except credit unions. This data allows a consumer to research which financial service businesses are truly active within their community, and allows regulators and institutions themselves to measure the concentration and competition within a certain area.

All FDIC-insured institutions are required to respond to the annual Summary of Deposits (SOD) survey conducted by the Federal Deposit Insurance Corporation (FDIC). Even information for unit banks, banks without branches, is obtained by referencing the June Reports of Condition and Thrift Financial Reports submitted by all FDIC-insured depository institutions.

The NCUA should require equivalent branch office deposit data be submitted by credit unions. This granularity would increase transparency to the consumer and allow for improved comparison analysis of individual credit unions with peer institutions. Providing access to branch deposit accumulation data assists regulatory agencies, local units of government and others in assessing the stability of deposit resources within a given community.

Implementing CRA Requirements Will Improve Knowledge of CU Lending Activity

One of the primary goals of the Federal Credit Union Act (FCUA) is to make credit available to people of modest means.¹ Evidence shows that credit unions are doing a poor job at serving people of modest means. For example, a 2006 Government Accountability Office (GAO) report found that credit unions were more likely to serve middle- to upper-income individuals than the banking industry, while banks were more likely to serve low- to moderate-income individuals. To ensure effectiveness of credit unions to meet community reinvestment and development responsibilities, NCUA Board members should require credit unions comply with the Community Reinvestment Act (CRA) as all other financial service businesses do especially given the current special tax treatment the credit union industry receives.

The CRA was implemented to encourage federally insured financial institutions to help meet the credit needs of their entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The CRA requires federal regulatory agencies to assess each federally insured institution's record of helping to meet the credit needs of its entire community. The public availability of the information is essential in aiding the public in its ability to analyze lending data and render accurate findings on the availability of credit products and financial services to low-income and underserved communities.

ABA believes that the FCUA imposes an affirmative duty on NCUA to ensure that federal credit unions do in fact meet their chartered purpose to serve people of modest means. The NCUA Board should require credit unions to comply with CRA—as required by all other financial service businesses—in order to provide greater transparency to the public regarding who the

¹ According to the Preamble of the 1934 Federal Credit Union Act.

credit union industry is providing financial services to, especially given their current special tax treatment.

Conclusion

Overall, ABA supports NCUA in this initial step to collaborate with the public to modernize its collection of data. ABA encourages NCUA to use this opportunity to improve transparency within the credit union industry, which is lacking relative to other financial service businesses. It is the role of the NCUA Board to ensure the industry's data-collections evolve with financial services industry-wide practices.

In order to eliminate transparency concerns, and thereby facilitate richer comparison of institution and industry trends, ABA encourages NCUA to require the reporting of branch office deposit information and implement CRA requirements for credit unions.

The public availability of these data points is essential in aiding the public in its ability to analyze deposit and lending data and to render accurate findings on the availability of credit products and financial services in their communities. Without such information, the public's knowledge is incomplete and industry trend and comparison analysis are severely impaired. Now is the appropriate time for NCUA to introduce a change and support measures of transparency.

ABA appreciated the opportunity to share its views and would be happy to discuss any of them further at your convenience. If you have any questions, please contact Brittany Kleinpaste at (202)663-5356 or by e-mail at: bkleinpaste@aba.com.

Sincerely,



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