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| **From:** | Tom Ferguson |
| **To:** | _Regulatory Comments |
| **Cc:** | tomferg52@comcast.net |
| **Subject:** | NCUA Risk-Based Capital Proposed Reg |
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As a credit union member and financial professional, I have serious concerns regarding the NCUA proposal to adopt Risk Based Capital rules to the credit union industry. Most serious among my concerns are the following:

1) Adopting Risk Based Capital rules to assess the health of credit unions will be extremely onerous and complex under the proposal as it currently exists. With literally thousands of variables that could be applied to credit union capital under the rules, correcting for an unfavorable NCUA assessment could be extremely difficult given the complexity of pinpointing a method(s) of mitigation.

2) The banking industry, despite using a system similar to the proposed Risk Based Capital rule, has experienced a much higher loss ratio than credit unions during the recent financial crisis, and has been universal in its condemnation of these subjective measures to assess the long-term financial health of its institutions. In addition, bank regulators admit Risk Based Capital has not worked and a simple leverage ratio for capital adequacy would be preferable.

3) Despite, the banking industry's much higher loss ratio per $1,000 versus credit unions, the proposed rules for credit unions require higher risk weighting across nearly every comparable measure which makes no sense and puts the credit union system at a competitive disadvantage versus banks.

4) Asset backed securities that credit unions invest in as an alternative to low yielding certificates are discriminated against under the Risk Based Capital rules which ignore the Asset Liability Management policies, loss history, financial ratios, and investment knowledge of a credit union's management yet require onerous quarterly analysis over 15 different factors for each security. This smacks of "government mandated asset allocation" that ignores member needs, the unique nature of credit unions, and board and management judgement on strategy and risk. It exposes the credit union to an unreasonable and unnecessary level of NCUA subjective judgement and agency expertise.

In my opinion, the current capital leverage ratio model together with periodic NCUA examinations remains an effective and simple tool for monitoring and assessing credit union financial health.

Thomas Ferguson
Member White Crown Federal Credit Union
Denver, Colorado