



January 17, 2014

National Credit Union Administration
Attn: OED Strategic Planning
1775 Duke Street
Alexandria, VA 22314

Re: NASCUS Comments on Proposed NCUA 2014-2017 Strategic Plan

To Whom it May Concern:

The National Association of State Credit Union Supervisors (NASCUS)¹ submits the following comments in response to the National Credit Union Administration's (NCUA's) draft Strategic Plan 2014-2017. NCUA's draft Strategic Plan presents a thoughtful, well organized, dynamic vision to guide the agency for the next three years. We commend NCUA for developing the draft plan and for making it available for public comment. As NCUA moves to finalize the 2014-2017 Strategic Plan, we offer the following recommendations for the agency's consideration.

NCUA should publish an annual update providing the agency's assessment of its effectiveness in meeting its goals pursuant to the Strategic Plan and allow for public comment to assist it in identifying needed adjustments.

As noted above, that NCUA makes its draft Strategic Plan available for comment is a positive for the stakeholders in the credit union system. NCUA could further improve its Strategic Planning process in two ways. When NCUA finalizes its Strategic Plan, the agency should include an executive discussion of the feedback received during the public comment period and NCUA's response to those comments. This would parallel NCUA's rulemaking process and provide benefit to stakeholders. NCUA should also consider providing annual updates and allowing public comments during the course of implementation. Together, these steps would enhance the vibrancy of the Strategic Plan, allowing NCUA and stakeholders to evaluate the effectiveness of implementation.

NCUA should recognize its distinct mandates to regulate federal credit unions and administer the credit union share insurance fund.

The draft 2014-2017 Strategic Plan establishes NCUA's goals and objectives as both the regulator of federal credit unions and the administrator/regulator of the National Credit Union Share Insurance Fund (NCUSIF), without distinguishing between the two functions. Clearly, certain goals related to those functions may overlap. All regulators are primarily concerned with safety and soundness, regardless of direct responsibility for administration of a share insurance fund. However, the goals and objectives of a chartering regulator may also differ from those of

¹ NASCUS is the professional association of the nation's state credit union regulatory agencies.

the share insurance fund. For example, a regulatory agency may establish as a goal the preservation of a “class” of credit unions based on asset size, or set goals for service of credit unions to a “class” of individuals such as those of modest means. These are goals unlikely to be considered by a share insurance fund. Given the NCUA’s dual role, it would be helpful for the agency, its state regulatory partners, and its credit union stakeholders if the 2014-2017 Strategic Plan clearly delineated between NCUA’s strategic goals as a chartering authority and its strategic goals as administrator of the NCUSIF.

NCUA should prioritize its ongoing partnership with state regulators in its Strategic Plan.

NCUA shares supervisory responsibility for nearly forty percent of the credit union system with state regulatory agencies. Yet, NCUA is silent in its 2014-2017 Strategic Plan as to its priorities for ensuring a continued effective and efficient partnership with those state regulators. NCUA does note its strategic objective to collaborate and consult with other federal regulators on consumer protection issues. See Strategic Objective 2.1. The ongoing cooperation between NCUA and the state regulators is an essential element of NCUA's fulfillment of its obligations to the NCUSIF and should be included in any strategic planning.

We also note that NCUA intends to examine every federally insured state chartered credit union with assets of \$100 million or greater at least once every three years. See Strategic Objective 1.1. The Strategic Plan should contain a discussion a discussion of how NCUA will balance that objective with its statutory mandate to rely on state examinations. See 12 USC 1781a(5).

NASCUS appreciates the opportunity to comment on NCUA's draft 2014-2017 Strategic Plan. We would be happy to discuss these recommendations in more detail or answer any questions at NCUA's convenience.

Sincerely,

- signature redacted for electronic publication -

Mary Martha Fortney
President and CEO