

NASCUS REPORT

A weekly dispatch of the National Assn. of State Credit Union Supervisors

July 31, 2015

More weight for OTR transparency

The overhead transfer rate (OTR) was conspicuous again as this week got underway, following NCUA's posting on its public website of a 2011 study by PriceWaterHouse Coopers, LLC, which suggested NCUA should "possibly" solicit feedback from stakeholders about how it determines the rate. We certainly appreciate that the agency has made public the unedited version of that document, which was the focus of some questioning of Board Chairman Debbie Matz by House financial institutions subcommittee during last week's hearing. But we also believe there is an inherent conflict of interest with NCUA as both insurer and charterer; we are merely seeking transparency. The 2011 study, in our view, gives weight to our call for NCUA to deal with the OTR through the rule-making process – including "notice and comment" to formally collect feedback. That should be done annually, at the least – or whenever the NCUA Board proposes to take action on the rate. Also, a leftover from last week: during the NCUA Board meeting July 23, the board voted to "reprogram" its budget for 2015, saving \$1.3 million which, as NCUA staff told the board, would largely go toward reducing FCU operating fees, payable in 2016. In a statement early this week, we noted that's deeply troubling. Rather than earmarking these savings solely for that purpose, we propose also using the savings for reducing the amount of the annual OTR as a more balanced approach.

LINKS:

[NASCUS press release on posting of 2011 PwC study](#)
[to statement on NCUA 2015 budget reprogramming](#)
[NASCUS brief video on OTR \(and OTR resources\)](#)

3rd party authority 'a way off;' FOM, supplemental capital proposals up next

Don't be looking any time soon for NCUA to obtain examination authority over third-party vendors – including technology service providers -- according the Chairman Matz. During one of her regular "Town Hall" webinars Tuesday, she told the audience that third-party authority "is a long way off," even though, she said, obtaining that authority is the agency's top legislative priority. Our view remains the same: NASCUS supports authority over these providers as long as NCUA relies on exams already administered by state credit union supervisory agencies to the maximum extent feasible. Doing so would reduce system redundancy, minimize regulatory burden, and foster interagency cooperation and coordination while also strengthening cybersecurity across the industry. Also during the webinar, the NCUA chairman announced two proposed rules in the pipeline. This fall, she said, the agency would address supplemental capital in a proposal – with the aim of an effective date coinciding with the effective date of a new risk-based capital rule in 2019. Further, she said a proposal on field of membership for FCUs would be unveiled later this year, with the goals of broadening community charters, enhancing occupational charters and streamlining processes for federals to add new members. (See related item below on the 2015 State System Summit.)

LINK:

[to statement on NCUA authority for third-party vendors](#)

Cyber tool use not mandatory – but will be incorporated into exams

Cyber security was the topic of yet another NCUA webinar was held this week -- where it was confirmed that NCUA does, indeed, plan to incorporate the recently FFIEC-proposed (and now out for comment) "cyber assessment tool" in its exams of credit unions. Use of the tool will not be mandatory for credit unions. However, agency examiners will receive training to apply the tool in the exam process and collect information about the credit union industry's cybersecurity preparedness as a whole. Interested in learning more? Attend our Cybersecurity Symposium Aug. 24-25 in Denver, where NCUA's Tim Segerson (deputy director of examination and insurance) will conduct a nearly two-hour session on the assessment tool.

LINK:

[NASCUS/CUNA 2015 Cybersecurity Symposium, Aug. 24-25, Denver, CO](#)

At 2015 State System Summit, FOM and more on tap

NCUA's field of membership proposal will be a central topic of discussion at the 2015 NASCUS State System Summit, Oct. 21-23 in New Orleans – particularly since NCUA Board Vice Chairman Rick Metsger is scheduled to speak at the event. Metsger has taken a key role and interest in FOM matters among the three-member board. Further, we have invited him to moderate a panel on the subject during the 2015 Summit. That's just one aspect of our event, which is now just about 12 weeks away. To get a flavor for the Summit, take a peek at the video we produced and posted this week (just click on the image, or at the link below). It's brief – less than 1.5 minutes long. But, it will give you the whole picture in that time. Then, use the link on our website to learn more and sign up to attend. We'll see you in New Orleans!



LINK:

[Video on 2015 NASCUS State System Summit \(and more\)](#)

BRIEFLY: A busy September ahead in educational events

September is turning out to be a busy month in the states for joint NASCUS/state association events, including: The Connecticut Cybersecurity Basics Conference for Credit Unions (Sept. 14, in Cromwell); The Ohio Credit Union Day (Sept. 22 in Columbus), and; the Colorado Directors' College (also Sept. 22, in Denver). Got a hankerin' to attend any or all of the events? Check out the links below to our website for a full agenda for each event.

LINKS:

[CT Sept. 14 session: Cybersecurity basics](#)
[OH Sept. 22 session: Ohio Credit Union Day](#)
[CO Sept. 22 session: Directors' College](#)

