NASCUS
The National Association of State Credit Union Supervisors

November 15, 2024

Melanie Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: NCUA Call Report (Form 5300) Docket: NCUA-2024-0115

Dear Ms. Conyers-Ausbrooks,

The National Association of State Credit Union Supervisors (NASCUS)[1] submits the following comments on the National Credit Union Administration's (NCUA) proposed Call Report changes.

NASCUS appreciates the NCUA's efforts to update the Call Report in order to obtain critical information for the supervision and regulation of credit unions and administration of the share insurance fund (SIF). We recognize the importance of accurate and relevant financial data however, we have concerns with the proposed changes to Schedule D, Section 3.

The NCUA is proposing to add three accounts for credit unions to report the maturity distribution of total uninsured shares and deposits to gather information to evaluate deposit behavior and the movement between uninsured non-maturity shares and share certificates. NASCUS agrees that identifying deposits subject to higher flight risk and understanding the behavioral characteristics of those deposits has supervisory value. However, we are concerned the collection of this information, and distinguishing between insured and uninsured shares may not be as simple as the proposal supposes.

The NCUA's draft Call Report instructions require credit unions to identify uninsured member share accounts. So doing would be complicated, because NCUA and the SIF distinguishes between insured and uninsured funds at the member level, therefore funds in multiple share accounts, including accounts with no maturity dates, are aggregated together by individual members, not at the share account level. Unfortunately, NCUA's proposal lacks any discussion regarding how maturities for uninsured shares should be determined, especially when partial share(s) are deemed uninsured. Before moving to finalize this aspect of the proposed changes, NCUA should work with stakeholders to more fully develop the methodologies by which credit unions could collect data in a consistent manner so as to be of benefit for supervisory purposes.

[1] NASCUS is the professional association of the nation's forty-six state credit union regulatory agencies that charter and supervise over 1800 state-chartered credit unions. NASCUS membership includes state regulatory agencies, state-chartered and federally-chartered credit unions, and other important industry stakeholders. State-chartered credit unions hold over half of the $3 trillion in assets in the credit union system and are proud to represent nearly half of the 142 million members. The remaining states lack state-chartered credit unions.

Community Development Financial Institutions

While not included in this request for comment or within the proposed changes, NASCUS recommends the NCUA add a button or other form of functionality for credit unions to self-report Community Development Financial Institution (CDFI) designation status. Such functionality would provide a much more efficient and cost-effective way to sort data.

With CDFI information readily available, credit unions could quickly access data on their peers' CDFI designations, activities, and impact. This centralized access would make it easier to find potential partners, share best practices, and identify trends in serving underserved communities. Credit unions could use standardized CDFI metrics to benchmark their performance and impact against other CDFI-certified institutions. This would help them assess their effectiveness in community development and identify areas for growth. Additionally, by including CDFI data in regular call reports, credit unions could reduce the administrative burden of separate CDFI reporting processes, streamlining data management, and increasing data quality.

Furthermore, simplifying and centralizing CDFI-designated credit union data might yield supervisory benefits. At a minimum, it would provide real value to CDFI-designated credit unions, including many that are modestly asset-sized. Given NCUA's stated goal of reducing mergers of modestly sized credit unions, developing the functionality to ease CDFI reporting could aid those efforts without adding regulatory and compliance burdens in the process.[2]

NASCUS appreciates the opportunity to comment on the NCUA's proposed changes. We are happy to discuss our comments further, at your convenience.

Sincerely,

- Signature redacted for electronic submission –

Sarah Stevenson
Vice President, Regulatory Affairs
NASCUS

[2] The NCUA Board has indicated it wishes to reduce regulatory burden as well as the number of credit union mergers; Succession Planning Proposed Rule 89 Fed. Reg. 60330.