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November 23, 2021

Ms. Dawn Wolfgang
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Changes to the NCUA Call Report

Dear Ms. Wolfgang:

On behalf of America's credit unions, I am writing to the National Credit Union Administration (NCUA) in response to the request for comments (RFC) regarding the collection of information through the NCUA Call Report, as is required under the Paperwork Reduction Act (PRA).¹ The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members.

Before providing comments responsive to the RFC, we are concerned with the approach the agency has taken to inform the public of the impending changes to the Call Report. We believe notice through a PRA RFC is inappropriate and does not sufficiently alert the industry of the changes contemplated.

According to the PRA notice and RFC, "The Call Report is being restructured to streamline the schedules, retire obsolete account codes, and accommodate the Risk-Based Capital Ratio Calculation schedule. Revisions are attributed to adding schedules for Off-Balance Sheet Exposures and the Risk-Based Capital Ratio Calculation."² As described here, the changes appear minimal. However, based on our research and review of NCUA's Catalog of Account Code Changes,³ it is our understanding that the changes will be much more involved and that almost every page of the Call Report will be modified as a result of the restructuring.

¹ 44 U.S.C. § 3501 *et seq.* (1995).

² 86 Fed. Reg. 53,351 (Sept. 27, 2021).

³ NCUA Call Report Modernization: Catalog of Account Code Changes (Jan. 25, 2018), available at <https://www.ncua.gov/files/publications/catalog-account-code-changes-1252018.pdf>.

In light of the extent of the upcoming changes to the Call Report, we urge the NCUA to extend the comment period until at least mid-January, as well as provide a detailed description of the anticipated changes. While not required under the Administrative Procedure Act,⁴ the agency may find the formal notice and comment process to be a more effective way of eliciting useful input from the public regarding changes to the Call Report.

Changes to the Call Report

Overall, CUNA is pleased that the NCUA recognizes the enormous regulatory burden placed on the credit union industry, especially the smallest market participants, and is seeking to streamline the examination and supervisory processes with an eye toward the future of the industry. We appreciate the agency's work to improve the Call Report, which requires substantial effort by credit union staff to complete in an accurate and timely manner.

While we urge the agency to provide the industry with greater detail regarding the upcoming changes to allow for sufficient public input, we are generally supportive of changes to streamline and update the Call Report.

As the NCUA is aware, the credit union industry's data requirements are largely compiled and aggregated via core processor electronic systems, which for most credit unions is handled via a third party, off-site business. While credit unions will rely on core processors to implement changes to the Call Report, it is the credit unions themselves that are responsible for ensuring the Call Report is accurately and timely filed with the NCUA. Thus, if core processors are unable to implement the changes in time, credit unions will ultimately be the ones penalized. Further, even if the core processors are able to make changes within the timeframe provided, there still must be sufficient time for credit unions to test systems and train staff to ensure the updated Call Reports are functioning properly.

While it is unclear from NCUA communications, it is our understanding that the agency may intend to have changes to the Call Report implemented by the first quarter of 2022. If correct, we believe such a timeframe would be extremely problematic for the reasons noted above. We believe a more appropriate deadline would be the third quarter of 2022. This would allow sufficient time for the core processors to implement the changes and for credit unions to conduct testing and training. Alternatively, the NCUA may consider a phase-in of the new Call Report requirements, permitting credit unions to use either the old or updated Call Report for quarters one and two, depending on where they are with their core processor and testing. Such an approach would also provide adequate time for testing and training in the credit union.

⁴ Administrative Procedure Act, Pub. L. No. 79-404, 60 Stat. 2375 (codified at 5 U.S.C. § 555 (2006)).

Conclusion

On behalf of America's credit unions and their more than 120 million members, thank you for considering our comments on changes to the NCUA Call Report, as well as our request for additional time and information to allow for sufficient industry input. If you have questions about our comments, please do not hesitate to contact me at (202) 508-6743 or LMartone@cuna.coop.

Sincerely,

A handwritten signature in blue ink that reads "Luke Martone". The signature is fluid and cursive, with the first name "Luke" and last name "Martone" clearly distinguishable.

Luke Martone
Senior Director of Advocacy & Counsel