CREDIT UNION ASSOCIATION OF THE DAKOTAS

August 15, 2016

Mark Vaughan
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, VA 22314

Sent electronically
to *CallReportMod@ncua.gov*

RE: Call Report/Profile Content Modernization

Dear Mr. Vaughan,

The Credit Union Association of the Dakotas (CUAD) appreciates the opportunity to provide feedback to the National Credit Union Administration (NCUA) regarding the Call Report/Profile Content Modernization. To provide a brief background, the Credit Union Association of the Dakotas represents sixty-seven state and federally chartered credit unions in the states of North Dakota and South Dakota, whose assets total over $6 billion and who have more than 450,000 members.

CUAD fully supports the NCUA's efforts to modernize the 5300 Call Report (Call Report) and Form 4501A Profile (Profile). These reports are time consuming and burdensome and we appreciate the NCUA endeavors to minimize the burden on credit unions. NCUA notes that the "overarching goal is modernizing content to (i) strengthen on-site examination and off-site monitoring by NCUA and state supervisory authorities, (ii) facilitate richer comparisons of institution and industry trends by other parties, and (iii) minimize the burden on reporting FICUs." *81 FR 36600*

The NCUA has provided questions in its Request for Information to solicit responses about major aspects of the Call Report and Profile. One of these questions regarding the Call Report/Profile content inquires as to "What specific areas of the Call Report/Profile forms do you find challenging to complete?" One of our affiliated credit unions shared their feedback on this question stating that with regard to real estate and business loans: I feel that this would be made easier if we did not need to combine the business real estate loans in with our other real estate loans on page 13. These are set up as separate types and to report and/or download this data is complicated. If NCUA wants to combine upon remittance of the report they could. Also, with regard to the business lending area, with credit union would prefer a separate place for reporting Lines of Credit available.

The NCUA also inquired as to "What sections/schedules/items on the Call Report/Profile could be made optional for small or non-complex credit unions without complicating assessments of risk?" Not specifically to which section/schedule/item could be made optional, but with regard to how the information is requested. CUAD proposes that there be an optional Call Report "smart"

questionnaire format. For purposes of illustration, a "Turbo Tax" question and answer format. It would be a version aimed at the smaller credit union in which the credit union could answer questions about its products and services and if it did not offer a particular product they would be advanced to the next section. Conversely, if the credit union did offer a particular product then additional questions/fields would be generated to garner the information. However, we would request that a full report still be available to print out as some credit unions prefer to print out a hardcopy to complete and then upload their information into the system.

With regard to the NCUA's question, "are current Call Report account categories (database fields) reasonably aligned with your internal accounting? If not, what changes would improve the alignment?" Credit unions report that call report account categories are not always aligned with their internal accounting systems. As the NCUA works to modernize Call Reports, including the examination process, CUAD encourages NCUA to have discussions with several of the core processing vendors that are used by credit unions to understand the capabilities of the systems, including system and time requirements for making changes/updates to core systems. The NCUA and core processing vendors should work together to develop a set of "regulator reports." Ideally, these reports could be easily generated by the credit union and information pulled for completing the Call Report and/or provided to the NCUA during examinations. On occasion, credit unions currently have to develop reports manually and/or extrapolate the requested data manually as their core processing systems are not capable of generating the requested report/data set.

A standardized core reporting system for each Call Report section would reduce unnecessary data mining. The credit union would, in theory, be able to pull the standardized report and easily transfer the data into the call report with fields and/or codes aligning. Another suggestion is that core processing systems need NCUA codes that are standardized. Then credit unions can demand and rely on these codes to transfer data from core to Call Report – this will increase efficiencies and reduce errors.

The NCUA asks, "Are the Call Report and Profile instructions adequate?" With regard to Call Report and Profile instructions, CUAD suggests that the instructions for a particular field/box be imbedded into the Call Report/Profile and that a pop-up box appears if the user hovers over the box and/or include a question mark icon that can be clicked on to show the instructions for that specific box. This would be more efficient and less confusing so the credit union does not have to go back and forth between report and instructions.

In reference to the questions, "Could re-organization of the Call Report or Profile reduce reporting burden?" CUAD recommends that the error process be improved. Please color code the actual field/box that has the error or warning to specify which individual field(s) is wrong. We would recommend that errors be color coded as red, new warnings as yellow and historic warnings color coded as orange. It would be very helpful if the error and/or warning text was next to the actual item for which the error and/or warning was prompted. The filer could either hover over the field that needs to be fixed/reviewed, alternatively an icon could appear that would allow the filer to click on and learn more about the error and/or warning. Finally, comments from the credit union should be left in a "pop-up" box that would be next to the field in question instead of having to go back to the error/warning page. Essentially, CUAD believes that it would be less burdensome, and in some cases less confusing, if all the relevant information associated with a particular box/field

were immediately connected to that box/field either in the form of pop-up boxes that appear when you hover over the field or icons that lead the user to the additional information. This additional information would include the instructions and any warnings or errors and the field would be clearly identifiable as a warning or error.

Finally, NCUA inquires, "Do you have any concerns or ideas about NCUA schedules/forms for collecting financial and non-financial information not addressed above?" CUAD suggests allowing multiple users in the system with each having the capability to save work at the same time so the Call Report can be completed more expeditiously. Currently multiple users can be in the system at the same time, however, there is an issue with the save function and the work not being saved for each user.

The NCUA should look at a more efficient and/or upgraded software program so the system does not get bogged down when all credit unions are attempting to file their report at the same time. Alternatively, perhaps there could be a software improvement to address "peak hours" when there are a number of credit unions attempting to file. Credit unions have expressed frustration when they are attempting to file their report and the system slows down and in some instances has crashed.

With regard to timing of the Call Report, CUAD requests that the NCUA consider month end system issues and to ensure that the due date of the Call Report falls far enough from the end of month so that the credit union had adequate time to properly conclude month end reports and then turn around and supply that information to the Call Report.

Thank you for this opportunity to share our feedback and concerns.

Respectfully,

Jay Kruse
VP of Governmental Affairs

Amy Kleinschmit
VP of Compliance