



Office of the President

August 12, 2016

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

Re: Request for Information - Modernizing
Data Collection for Regulatory Oversight of
Credit Unions

Dear Mr. Vaughn:

This letter is in response to the National Credit Union Administration's (NCUA) solicitation for input from stakeholders for methods to improve the Call Report and Profile. As the nation's largest natural person credit union, with more than \$78.3 billion in assets and six million members, Navy Federal understands the importance of balancing regulatory requirements with the responsibility for maintaining a safe and sound credit union. We appreciate the opportunity to provide comments to NCUA.

We support NCUA's initiative to "enhance data utility, improve user experiences, and reduce regulatory burden" without compromising its ability to safeguard the National Credit Union Share Insurance Fund. We believe NCUA can simplify and streamline the reporting process which will reduce unnecessary burden on credit unions without sacrificing NCUA's need to collect useful and relevant information. Specifically, we recommend:

1. Routinely assess the impact of the evolving regulatory environment on the data collection needs of the 5300 and remove information that becomes obsolete

Call report information should be governed by a robust review process to ensure only information that is truly necessary to assist NCUA with monitoring the safety and soundness of the credit union industry is collected. As new regulations are created and existing regulations are changed, the impact to information collected in the 5300 process should be revised as well. Data requirements that are no longer necessary should be removed regularly. For example, data elements that are currently required for the risk-based net worth calculation should be evaluated and potentially eliminated based on the implementation of risk-based capital. The CUSO profile section should be evaluated for redundancy in light of NCUA's CUSO Registry.

2. Provide More Clarity in the Call Report Instructions

Include more guidance and examples in the call report instructions to reduce ambiguity. This will increase efficiencies and reduce the overall time and cost associated with meeting the 5300

reporting requirements. Ambiguity can cause varying interpretations across the credit union industry which leads to difficulty in analyzing and comparing credit union data.

3. Modernize the data collection process for the 5300

The current process for inputting information into the 5300 system is manual and labor intensive. An automated approach which allows data upload would markedly increase efficiency and improve the control environment by reducing risks associated with manual input.

4. Reduce reporting burden, eliminate data redundancies, and align information with existing business practices

The following are examples of areas where the amount and granularity of data being provided is burdensome to the credit union industry. Our recommendations are listed in order of priority:

- Revise the reporting requirements in various sections of the call report from collateral type to product type.
- Simplify the reporting for Business Loans. Remove the \$50,000 net member business loan balance requirement. Eliminate the current level of granularity required for owner and non-owner occupied business loans.
- Simplify the derivatives section to report the total outstanding balance of derivatives by designation type and remove the quarterly activity requirement.
- Remove the requirement for stratification of balances by year of maturity for investments, liabilities, shares and deposit accounts.
- Remove loan count requirements.
- Eliminate the requirement to report information for every branch office from the credit union profile.
- Remove the requirement to report interest rates for loans and dividend rates for deposits.

Thank you for the opportunity to provide comments on this important initiative. Should you or a member of your staff have additional questions about our comments, please contact me at (703) 255-8201.

Sincerely,



Cutler Dawson
President/CEO