

April 4, 2016

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Comments on NCUA 2017–2021 Draft Strategic Plan

Dear Mr. Poliquin:

On behalf of the 1.453 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) 2017 to 2021 Strategic Plan. The Strategic Plan directs agency operations and priorities through the 2017 to 2021 timeframe and is significant for credit unions because these priorities often directly affect credit unions.

Relief from the Supervision Process

Credit unions continue to need regulatory relief as the operation of small financial institutions continues to become more complex from regulations and market demands. NCUA has the ability to construct regulations that minimize burdens on credit unions but has less control over other regulatory agencies and marketplace. NCUA has the most control over how the agency constructs and conducts the supervision process, which is where we would like to see more attention in the strategic plan.

We suggest NCUA develop a stated goal of reducing credit unions' time dedicated to the supervision process, develop a way to measure success and then strive to meet this goal and hold staff accountable to this goal. Although, HCUA continues to advocate for resource saving initiatives, such as implementing the extended exam cycle, the agency should pursue the larger goal of a percentage reduction in time and resources that credit union must commit to NCUA's supervision process.

Current NCUA Exam and Supervision Initiatives

Every new and revamped NCUA requirement or process directed to credit unions should have the stated goal of being more efficient and less burdensome to credit unions. NCUA has started the process of updating the agency's Call Report and AIRES exam software. While we trust that NCUA is developing both with safety and soundness as a main goal, we also encourage NCUA to make supervisory efficiency for NCUA and, more importantly credit unions, another primary goal.

NCUA should make a public commitment to moving forward with implementation of the extended exam cycle. Although the agency may not feel comfortable implementing the extended exam cycle immediately, we feel it is time to publicly commit to the extended exam cycle in the strategic plan and set an implementation date.

The agency should develop and state in the Strategic Plan goals for the implementation and operation of revamped call report and AIREs software. Stating that software is due to be in service by a certain time is one of many operational goals that should be included in the strategic plan. The agency should state efficiency goals for each software package for NCUA staff and credit unions using the software. Again, these goals should require efficiency and be measurable.

Another initiative that HCUA recommend be part of the strategic plan is the development of greater offsite monitoring capability by NCUA staff. This could allow staff to spot supervisory issues earlier and require less NCUA staff onsite for exams and other supervisory related issues. This would increase staff efficiency by eliminating dead time related to staff travel and save travel expenses.

Last, NCUA could develop goals and metrics for improving the dual exam process for state-chartered credit unions. HCUA's state-chartered members report to us that there is often significant overlap of state and federal examinations. NCUA should set efficiency goals for dual examination and work with state regulators to implement efficiency measures. Any efficiency gained from these examinations could easily be measured and reported.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is written in a cursive, flowing style.

Brad Douglas
President/CEO