



NCUA
National Credit Union Administration

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NCUA Update

April 11, 2018



NCUA Update

- **Credit Union Statistics**
- **NCUA Supervisory Priorities**
- **NCUA Reorganization**

CREDIT UNION STATISTICS

Overall Key Statistics

	Nation	Region III	Louisiana
<u>Key Statistics</u>	<u>12/31/2017</u>	<u>12/31/2017</u>	<u>12/31/2017</u>
# of FICUs	5,573	1,169	182
Total Assets	\$1.4 Trillion	\$215.1 Billion	\$11.3 Billion
Avg. Asset Size	\$247.4 Million	\$184.0 Million	\$62.1 Million
Net Worth (%)	10.96%	11.57%	11.47%
ROAA (%)	0.78%	0.78%	0.57%
Delinquent Loans / Total Loans (%)	0.81%	0.71%	1.15%

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SUPERVISORY PRIORITIES

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2018 Supervisory Priorities

- **Cybersecurity Assessment**
- **Bank Secrecy Act (BSA) Compliance**
- **Internal Controls and Fraud Prevention**
- **Interest Rate and Liquidity Risk**
- **Automobile Lending**
- **Commercial Lending**
- **Consumer Compliance**



Cybersecurity



- *Ongoing Concerns Over Access and Disruption*
- *Cybersecurity Assessment Tool*



Cybersecurity

- **Automated Cybersecurity Examination Tool (ACET):** NCUA developed the ACET to improve and standardize supervision related to cybersecurity.
- The ACET will allow examiners to assess a credit union's cybersecurity risk and the maturity level of a credit union's cybersecurity program.

Cybersecurity

- **The ACET will allow examiners to assess the a credit union's risk in each of the following categories.**
 - Technologies and Connection Types
 - Delivery Channels
 - Online/Mobile Products and Technology Services
 - Organizational Characteristics
 - External Threats
- **Using the ACET, examiners will determine the maturity level of a credit union's cybersecurity program in the following five domain areas.**
 - Cyber Risk Management and Oversight
 - Threat Intelligence and Collaboration
 - Cybersecurity Controls
 - External Dependency Management
 - Cyber Incident Management and Resilience

**For further guidance on ACET, refer to the Audit of NCUA's Information Technology Examination Program, OIG-17-18.*





BSA Compliance

- **Bank Secrecy Act prescribes recordkeeping and reporting requirements to detect illicit activity.**
- **New Customer Due Diligence regulation (31 CFR 1010.230) becomes effective May 11, 2018.**

Internal Controls and Fraud Prevention

- **System of internal controls and managing fraud risk**
- **Examiners will evaluate credit union efforts**

Interest Rate and Liquidity Risk

Interest Rate Risk:

- Remains a key supervisory focus in light of recent upward adjustments to interest rates
- Credit unions that hold high concentrations of long-term assets funded with short-term liabilities are a particular concern
- As not all credit unions were examined in 2017, some credit unions will be examined under the new review procedures for the first time

Liquidity Risk:

- Examiners will increase their focus on liquidity risk management practices given the emerging trends related to on-balance sheet liquidity.

**For further guidance on NCUA's Interest Rate Risk Policy and Program, refer to NCUA Rules and Regulations – 12 CFR Part 741 and Appendix B to Part 741*

Automobile Lending

- **Material auto lending exposure**
- **Portfolios concentrations**

*Further information can be found in NCUA Letter to Credit Unions, 10-CU-03, [Concentration Risk](#).

Commercial Lending

- **NCUA's revised regulation for commercial lending went into effect January 1, 2017.**
- **Examiner's will continue to focus on commercial loan policies and procedures along with assessing the effectiveness of the credit union's risk management processes.**
- **Credit union officials should be prepared to ensure their policies, practices, and staffing are appropriate for the types of commercial loans offered.**

*Further information can be found in NCUA Letter to Credit Unions, 16-CU-11, [Member Business Loans Guidance Added to Examiner's Guide](#).

Consumer Compliance

Regulation C - Home Mortgage Disclosure

- 2nd quarter of 2018, examiners will perform limited reviews of quarterly Loan/Application Registers (LARs), when applicable.
- NCUA's review will be designed to help credit unions identify compliance weaknesses in collecting 2018 data for submission by the March 1, 2019 deadline.

Consumer Compliance

Military Lending Act (MLA)

- Examiners will evaluate credit union's efforts to comply with the MLA's restrictions and the credit card provisions that became effective in October 2017.
- The primary credit card provisions in the MLA include the following.
 - The Military Annual Percentage Rate (MAPR) must be calculated each billing cycle
 - All fees are added to the MAPR, unless they can be excluded as "bona fide" and "reasonable"

**For more information, visit NCUA's Consumer Compliance Regulatory Resources website*

Consumer Compliance

Regulation E- Electronic Funds Transfers

- Examiners will review credit unions' overdraft policies and procedures for compliance with Regulation E.

NCUA REORGANIZATION



NCUA Organizational Changes

- Consolidate the agency’s regional offices
- Closing Albany, NY and Atlanta, GA regional offices effective January 1, 2019
- Eliminate leases for regional offices in Alexandria, VA, Atlanta, GA, and Albany, NY
- Central Office Reorganization
- Distribution of certain AMAC functions into the Austin/Alexandria offices
- Reduction in agency workforce through attrition, primarily in the field

<https://www.ncua.gov/newsroom/Pages/news-2017-july-ncua-plans-restructuring.aspx>

Post Reorganization Map



QUESTIONS?



Office Contact Page

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