

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSIONS
3133-0134
Truth in Savings
Disclosure and Recordkeeping Requirements under 12 U.S.C. 4301 et seq. and
12 CFR Part 707
2013

A. Justification

1. Circumstances that make the collection necessary:

The Truth in Savings Act, 12 U.S.C. §§4301 et seq., (TISA) requires depository institutions to disclose to consumers certain information, including interest rates, dividends, bonuses, and fees associated with their deposit accounts and accompanying services. TISA directed NCUA to promulgate regulations governing all credit unions, which are found in 12 CFR Part 707.

NCUA regulations require credit unions to provide specific disclosures when an account is opened, when a disclosed term changes or a term account is close to renewal, on periodic statements of account activity, in advertisements, and upon a member or potential member's request, 12 CFR §§ 707.4, 707.5, 707.6, 707.8. These disclosures are for the benefit of credit union members and consumers. Credit unions must retain evidence of compliance for two years after the disclosures are required. 12 C.F.R. § 707.9(c). Thus, the regulation imposes an information collection burden.

The requirements for creating and disseminating account disclosures, change in terms notices, term share renewal notices, statement disclosures, and advertising disclosures are necessary to implement TISA's purpose of providing the public with information that will permit informed comparisons of accounts at financial institutions. The regulation mitigates the regulatory burden associated with TISA disclosures by allowing credit unions to provide disclosures through electronic means. The information collection requirements of §707.9(c) will help NCUA examiners and state regulators evaluate compliance with Part 707 quickly and efficiently. The collections will also prove credit union compliance with the regulation in the event of a lawsuit.

2. Use of the information:

NCUA uses the information to determine whether a credit union is in compliance with TISA and Part 707. Credit unions may also use the information to prove compliance with the law and regulation, particularly in the event of a lawsuit. See 12 U.S.C. § 4310.

3. Consideration of the use of improved information technology:

The regulation does not prescribe any particular form in which the collected information must be kept. Therefore, to the degree that credit unions have available to them technology that would simplify retaining the necessary information, they may use it to reduce the burden imposed by the regulation. For purposes of disclosure to the public, credit unions may also rely upon the Electronic Signatures in Global And National Commerce Act (E-Sign Act), 12 U.S.C. 7001, et seq., when complying with TISA and Part 707.

4. Efforts to identify duplication:

There is no duplication in these reporting requirements.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

NCUA has instituted a program to provide technical help to small credit unions that may not be automated or need help complying with TISA and Part 707. NCUA has also developed special training for small credit unions and their staffs.

6. Consequences to the Federal program if the collections were conducted less frequently:

Part 707 and its recent amendments follow closely the Consumer Financial Protection Bureau's (CFPB's) Regulation DD, 12 C.F.R. Part 1030. If these collections were collected less frequently, credit union members would not receive the same information as banking consumers. This would not serve fully Congress' intent in enacting TISA or NCUA's intent in promulgating the rule.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

These information collections are conducted in a manner consistent with the requirements of 5 CFR Part 1320.

8. Efforts to consult with persons outside the agency:

These information collections are contained in Part 707 and closely follow the CFPB's Regulation DD. Notice of the proposed information collection and request for public comment was published with a 60-day comment period in the Federal Register on

August 5, 2013 (78 FR 47424).

NCUA received one comment regarding the collection which requested “that credit unions should be allowed to make the disclosures required under Part 707 in electronic form wherever feasible”. The Truth in Savings Act requires NCUA to issue regulations substantially similar to any final rule promulgated by the CFPB, taking in to account the nature of credit unions. See 12 U.S.C. 4311. Under the CFPB’s Regulation DD and NCUA’s Part 707, financial institutions may provide the disclosures in electronic form, subject to compliance with the consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E–Sign Act), 15 U.S.C. 7001 *et seq.* 12 CFR §§ 707.3(a), 1030.3(a). Issuing disclosures in electronic form might reduce the regulatory burden for credit unions, however NCUA does not track which credit unions provide electronic disclosures. Therefore, the burden analysis was estimated based on paper disclosures under the regulation.

9. Payment to respondents:

NCUA will make no payments to credit unions for this information collection.

10. Any assurance of confidentiality:

Credit unions will not provide the information collected under the Part 707 to NCUA. Credit union members will receive disclosures of fees for their transactions on individual, personal periodic statements. Additionally, credit unions will retain the information to prove compliance with TISA and the rule.

11. Justification for questions of a sensitive nature:

No questions of a sensitive nature are involved.

12. Burden estimate¹:

The estimated number of respondents includes the total number of credit unions based on the NCUA year-end call report data for 2012. The Credit Union National Association, a national trade association, contributed to information regarding privately-insured credit unions. The analysis assumes that all credit unions will collect the TISA information and therefore, be subject to this rule.

¹ In the absence of supplementary information in determining the reporting burden for credit unions, NCUA has adopted the same estimated time per response as the Federal Reserve System. The supporting information associated with Regulation DD (OMB Control No: 7100-0271) is published at 76 FR 29242 (May 20, 2011).

Number of credit unions:	6859
Federal credit unions:	4211
State chartered, federally-insured credit unions:	2507
State chartered, privately-insured credit unions:	141
Number of credit unions with assets under \$10 million:	2339

One-time burden²:

	Responses subject to requirement	Estimated time per response	Annual reporting burden
Notice to existing accountholders³	95,032,999	1.5 minutes	2,375,825 hours
Initial training and education of staff⁴	13,718	16 hours	219,488 hours
System updates⁵	6859	8 hours	54,872 hours
Advertising updates⁶	6859	16 hours	109,744 hours
Total			2,759,929 hours

² The one-time burden would only apply to a newly chartered credit union. Pre-existing credit unions will only have a continuing annual compliance burden.

³ The one-time burden was estimated using the estimated total number of credit union members, 95,032,999 million as of December 31, 2012.

⁴ This estimate is based on the assumption that at least 2 employees, a manager and teller, would be trained for every credit union. It is also estimated that training will require an average of 16 hours.

⁵ Many credit unions use automated technology, i.e. computer software, to aid in their compliance with TISA and the regulations. NCUA estimates that credit unions will need approximately one business day, eight hours, for necessary system maintenance.

⁶ Credit unions must monitor their advertising materials to ensure compliance with TISA and Part 707. NCUA estimates it takes two business days, 16 hours, for these compliance reviews.

Continuing Annual Burden:

	Responses subject to requirement	Estimated time per response	Annual reporting burden
New account/requested disclosures⁷	1,988,244	5 minutes	165,687 hours
Term account renewal notices⁸	7,112,023	1 minute	118,534 hours
Change-in-term notices⁹	23,758,250	1 minute	395,971 hours
Periodic Statements¹⁰	380,131,996	1 minute	6,335,533 hours
Advertising¹¹	6859	10 hours	68,590 hours
Continuing Training¹²	13,718	4 hours	54,872 hours
Total annual burden			7,139,187 hours

⁷ This estimate is based on the difference between the total number of accounts at year-end 2011 and 2012. The difference is an estimate of the total number of new accounts.

⁸ The total number of term share accounts, share certificates, was broken out by the dollar amount proportions of various maturing categories of certificates. Information on the dollar amounts placed in certificates with maturities less than one year, one to three years, and greater than three years is available. The ratio of each dollar volume category was applied to the total number of term share accounts in the less than one year category were assumed to have an annual disclosure requirement. One-half of the number of term share accounts in the one to three year category was assumed to have an annual disclosure requirement. Twenty percent of certificates in the over three years category were assumed to have an annual disclosure requirement.

⁹ Twenty-five percent of the total number of existing accountholders is assumed to require notification, on an annual basis, of a change-in-terms notice. The estimate is conservative and assumes very stable market interest rates for fixed-rate accounts.

¹⁰ The figure for periodic statements was estimated by assuming that on average, members receive quarterly statements.

¹¹ While the burden of advertising is difficult to assess, NCUA believes that a minimum of 10 hours per credit union per year is a conservative estimate of the increased advertising compliance burden required due to the Truth in Savings rule.

¹² NCUA estimates that credit unions will need to perform continuous training for new employees and to refresh existing employees on TISA and Part 707. Based on an average of two employees per year per credit union, NCUA has used the four hours of training per employee that it applies to continuing NCUA examiner training as the estimated an annual burden for credit unions.

13. Estimates of total annual costs to respondents

FCUs should be able to use readily available equipment to comply with the information collections in the rule. However, credit unions will likely incur some software and other costs associated with the burden described above in paragraph 12. Many credit union systems are dynamic and are revised on a continuing basis. Therefore, the costs would be a part of usual and customary business practice.

14. Estimates of annualized cost to the Federal Government:

There are no costs to the Government with this collection.

15. Changes in burden:

This is a reinstatement of a previously approved collection. In comparison with prior submission and approval, the information collection involves a program change of -2269 respondents. This is due to a change in the number of credit unions. Due to a steady increase in credit union membership over the past five years, however, the disclosure and recordkeeping burden has increased by an inestimable number of hours.

NCUA is correcting the initial reinstatement request because of an inadvertent mathematical error. The initial burden estimate is being reduced as described in question 12 above, which also reduces the estimated annual burden hours.

16. Information regarding collections whose results are planned to be published for statistical use:

These are disclosures from credit unions to their members. The NCUA is not collecting information. Therefore, no information will be published for statistical or other purposes.

17. Display of expiration date:

Since no specific forms will be used to collect the information, the expiration date will not be displayed.

18. Exceptions to certification statement:

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.