

**Paperwork Reduction Act Collection Justification
National Credit Union Administration (NCUA) Call Report and Profile
3133-0004
PART 1**

**REQUEST FOR OMB REVIEW AND APPROVAL, 3133-0004
SUMMARY OF PROPOSED CHANGES TO NCUA CALL REPORT AND PROFILE DATA
COLLECTION**

PROPOSED CYCLE DATE: March 31, 2014

REPORT(S) IMPACTED: NCUA Call Report Form, NCUA Profile Form

OMB FORM #: 3133-0004 (Expires 7/31/2016)

CALL REPORT PAGE(S) IMPACTED:

- Statement of Financial Condition – Pages 1 and 3,
- Statement of Income and Expense – Page 5,
- Schedule B – Investments, Supplemental Information – Pages 17 – 18,
- Schedule D – Derivative Transaction – Pages 20 – 24; and,
- Schedule E – Draft form Bank Secrecy Act/Anti-Money Laundering Information – Page 25.

PROFILE PAGE(S) IMPACTED: No collection changes from September 2013.

SUPPORTING ATTACHMENTS: Draft March 2014 Call Report Form (Enclosure 4) and Draft March 2013 Profile Form (Enclosure 5).

Call Report Changes

The proposed changes to the quarterly 5300 Call Report will assist the National Credit Union Administration (NCUA) in offsite monitoring and supervision of credit unions and are based on emerging and existing risks to the National Credit Union Share Insurance Fund (NCUSIF). The following summarizes the proposed changes.

Page 1 – Assets – Collect derivatives with a positive fair value (FV). This field is only required for credit unions with derivative activity. NCUA estimates these items would affect a maximum of 150 credit unions.

Page 3 – Liabilities – Collect derivatives with a negative FV. This field is only required for credit unions with derivative activity. NCUA estimates these items would affect a maximum of 150 credit unions.

Page 5 – Income and Expense – Collect gain or loss:

- on Derivatives associated with FV Hedge Designation,
- on Hedged item associated with FV Hedge Designation,
- related to ineffectiveness of Cash Flow Derivative hedges; and,
- on Derivatives with no Hedge Designation.

These fields are only required for credit unions with derivative activity. NCUA estimates these items would affect a maximum of 150 credit unions.

Page 17 – Schedule B – Moved Miscellaneous Investment Information to Page 18 to allow increased font size and improved readability.

Page 18 – Schedule B:

- Revised item 18 – Investments Not Authorized by the FCU Act or NCUA Rules and Regulations (SCU ONLY) to exclude investments listed in Line 20 a. or b. that follows.
- Collect Amounts reported in the Asset section of the Statement of Financial Condition to fund employee benefit plans or deferred compensation plans under Section 701.19(c) of NCUA Rules and Regulations (if FCU), or similar state provisions (if SCU), that are not authorized under Part 703 of NCUA Rules for:
 - o Securities,
 - o Other Investments; and,
 - o Other Assets.
- Collect amounts reported in Asset section of the Statement of Financial Condition to fund charitable donation accounts.

Pages 20 – 24 – Schedule D – Collect derivative transactions:

- Outstanding,
- Activity,
- Maturity; and,
- Credit Loss Exposure and Position Limit Compliance.

These fields are only required for credit unions with derivative activity. NCUA estimates these items would affect a maximum of 150 credit unions.

Page 25 – Money services businesses (MSBs) – Number and dollar amount of accounts with MSBs for the following categories:

- Dealers in Foreign Exchange,
- Check Cashers,
- Monetary Instruments,
- Money Transmitters,
- Provider of Prepaid Access; and,
- Seller of Prepaid Access.

The new fields are only required for credit unions with MSB member account relationships. NCUA estimates the number of respondents impacted may be as high as 25%.

DESCRIPTION OF NCUA PROFILE: The online system includes an area called the credit union Profile. The Profile contains information about the credit union that infrequently changes. This area includes some read-only chartering information as well as some data we formerly collected on the 5300 Call Report and Report of Officials including the following categories:

- Report of Officials and other key contacts at the credit union,
- The main office and any branch offices,
- Information systems and technology services and structure,
- Disaster recovery information,
- Programs and services credit unions offer to their members,
- Regulatory compliance to include the annual financial statement audit, member account verification, and annual meeting dates, etc.
- Grants the credit union has received and any credit union partnerships they have,
- Credit Union Service Organizations they use and have a financial interest in.

Once a credit union enters their initial data, input is only required for additions, deletions, and changes. According to NCUA Rule and Regulations Section 741.6(a)(1), NCUA requires credit unions to update this information within ten days of the election or appointment of officials or thirty days of any other change. This data is editable by credit unions at any time through the online system. This area of NCUA's data collection is less of a burden on the credit union than the data collected through the quarterly 5300 Call Report since there is no quarterly reporting requirement and the data infrequently changes.

DESCRIPTION OF CHANGE: There are no changes proposed for this submission.

Profile Changes

NCUA is not proposing any revisions to the Profile in this submission.

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PART 2

1. Explain the circumstances that make the collection of information necessary, include identification of any legal or administrative requirements that necessitate the collection.

Sections 106 and 202 of the Federal Credit Union Act require federally insured credit unions to make financial reports to the NCUA. Copies of these sections are attached as Enclosures (1) and (2).

Section 741.6 of the NCUA Rules and Regulations (Enclosure 3) requires all federally insured credit unions to submit a Call Report quarterly (Enclosure 4).

Section 741.6 also requires insured credit unions to submit to a Credit Union Profile (Enclosure 5), NCUA Form 4501 or its equivalent, within 10 days after an election or appointment of senior management or volunteer officials or within 30 days of any change of the information in the Profile. NCUA's website (www.ncua.gov) further specifies that with every cycle of the 5300 Call Report, credit unions must review and certify their Credit Union Profile.

The financial and statistical information is essential to NCUA in carrying out its responsibility for supervising federal credit unions. The information also enables the NCUA to monitor credit unions whose share accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF).

2. Indicate how, by whom, and for what purpose the information is to be used and the consequence to the federal program or policy activities if the collection of information was not conducted.

The NCUA uses the information collected from these Call Reports to fulfill its mission of supervising credit unions and by the Federal Reserve Board to monitor and control the nation's money supply and the system of financial institutions. The information is also used by Congress and by the various state legislatures to monitor, regulate, and control credit unions and financial institutions. The data collected by NCUA is also pertinent to the development of the U.S. Department of Commerce's calculation of the nation's Gross Domestic Product.

The changes made to the Profile and Call Report forms for March 2014 will provide data to assist the NCUA in assessing financial risks and loan practices of the credit union.

NCUA's also uses the Call Report data to create a Financial Performance Report (FPR) for each reporting credit union. We create and distribute these reports for all federal credit unions; all federally insured state chartered credit unions, and any non-federally insured credit union, which voluntarily provides NCUA with Call Report data. NCUA examiners and State Supervisory Authorities (SSAs) also receive copies of the FPRs. The FPRs provide extremely useful financial and managerial information to users, which could not otherwise be provided without the collection of information via the Call Report.

3. Describe any considerations of the use of improved information technology to reduce burden and any technical or legal obstacles to reducing burden.

The individual credit union is the sole source of information regarding the sum of its financial information, statistics, and operations. As of January 1, 2014, all federally insured credit unions must use NCUA's web-based data collection system to submit their Call Report and Credit Union Profile information. NCUA's computer systems perform a series of sophisticated edits and calculations, thereby minimizing the amount of information required, and reducing the burden to reporting credit unions.

Credit Union Profile

The online system includes an area called the Credit Union Profile. The Profile contains information about the credit union that infrequently changes. This area includes some read-only chartering information as well as some data we formerly collected on the 5300 Call Report and Report of Officials including the following categories:

- Report of Officials and other key contacts at the credit union.
- The main office and any branch offices.
- Information systems and technology services and structure.
- Disaster recovery information.
- Programs and services credit unions offer to their members.
- Regulatory compliance to include the annual financial statement audit, member account verification, and annual meeting dates, etc.
- Grants the credit union has received and any credit union partnerships they have (optional reporting).
- Credit Union Service Organizations credit unions use and/or have a financial interest in.

Once a credit union enters their initial Profile data, input is only required for additions, deletions, and changes. Under NCUA Rule and Regulations Section 741.6(a)(1), credit unions must update this information within ten days of the election or appointment of officials or thirty days of any other change. Credit unions can edit this data at any time through the online system. This area of NCUA's data collection is less of a burden on the credit union because NCUA does not require quarterly reporting and the data infrequently changes. There are no changes proposed for the Credit Union Profile for this collection request.

We continue to collect credit union financial data through the 5300 Call Report quarterly.

4. Describe efforts to identify duplication.

Aside from the Call Report data gathering cycles, NCUA makes no other comprehensive collection of data. There is no duplication of effort at the federal level. At the state level, NCUA works in close cooperation with the National Association of State Credit Union Supervisors (NASCUS), which represents the SSAs in all states. This cooperative relationship with NASCUS representatives, and with individual SSAs as necessary, results in a mutually beneficial effort to develop the forms and one complete data collection used by both federal and state regulators.

NCUA freely offers to collect all the data, process it, and to provide the information in a convenient electronic format back to the SSAs.

5. Show specifically why any similar information already available cannot be used or modified for the purpose described in item 2 above.

NCUA knows of no other similar source of information.

6. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

NCUA minimizes the burden to small credit unions in a number of ways. NCUA's online data collection program performs extraneous calculations where appropriate and necessary to derive various balance sheet items, produce ratios, compare peer groups, etc. We further minimize the burden by using a format and terminology that are familiar to credit union personnel.

7. Describe the consequence to the federal program or policy activities if the collection were conducted less frequently.

Economic conditions impose a tremendous responsibility on NCUA for reacting quickly to protect the accounts of the nation's credit union membership (over 95 million people). NCUA's ability to act quickly to prevent financial loss, both to credit union members and the NCUSIF, requires frequent monitoring and surveillance. NCUA approved quarterly reporting for all federally insured credit unions to better utilize supervision resources and assess risk to the NCUSIF. NCUA instituted innovations to its examination program that reduced the frequency of onsite contacts for credit unions meeting certain criteria.

The consequences of non-collection are severe. Neither the SSAs nor NCUA would have the means to effectively conduct offsite monitoring and supervision of their respective credit unions. Credit unions would lose the valuable information contained on the FPR. The FPR is an indispensable tool of financial management, especially in today's complex and changing economy.

8. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines of 5 C.F.R. 1320.6.

NCUA conducts the collection entirely within the guidelines outlined in 5 C.F.R. 1320.6.

9. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, the frequency of collection, the clarity of instructions and recordkeeping, the disclosure of reporting format, and the data elements to be recorded, disclosed, or reported.

NCUA has an ongoing commitment to communicate and interact with the SSAs, NASCUS, and various credit union trade associations. Typically, NCUA receives comments and suggestions from the SSAs and trade associations throughout the year. NCUA considers all comments when we revise the Call Report form or when we change the data collection.

Solicitations for comments were published in the Federal Register on January 28, 2014 (79 FR 4509) and March 14, 2014 (79 FR 14547). No comments were received.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Call Report data, for most parts, is public information subject to release under the Freedom of Information Act. NCUA provides this information to the general public on NCUA’s website (www.ncua.gov). However, certain Call Report and Profile information and any information obtained through and reports issued as part of NCUA’s supervisory process are confidential and exempt from release under the Freedom of Information Act.

11. Provide additional justification for any questions of a sensitive nature, etc.

The new proposed data collection fields are critical for adequate offsite monitoring, trending, and risk analysis of federally insured credit unions.

12. Provide estimates of annualized cost to the Federal Government and to the respondents. Also, provide a description of the method used to estimate cost, which should include quantification of hours; operational expenses, such as equipment, overhead, printing, and support staff; and any other expense that would not have been incurred without the paperwork burden.

Staff

Central Office:	
Analyst staff - 2 full-time persons	\$250,000
Technical data processing support staff	\$1,001,880
Regional Offices:	
Regional office staff – 320 hours @ \$55/hr.	\$17,600
Examiner field staff – 33,408 hours @ \$38/hr.	\$1,269,504
TOTAL ANNUAL FEDERAL GOVERNMENT COST:	\$2,538,984

The estimate of annual costs to the Federal Government includes all costs associated with the collection, processing, and distribution of information. However, these costs are offset through NCUA’s Risk Focused Examination program. NCUA’s monitoring of financial trends helps reduce the risk to the NCUSIF for losses in an ever-changing economic environment.

13. Provide estimates of burden of the collection of information. The statement should: provide number of respondents, frequency of response, annual burden and an explanation of how the burden was estimated.

NCUA estimates the average amount of time needed to complete the forms to be 6.6 hours. We applied this average to 6,550 credit unions. The following is the cost estimate for the proposed changes:

Staff time – 6.6 hours per reporting unit per reporting cycle.

TOTAL ANNUAL RESPONDENTS' COST IN HOURS:	172,920 hours
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TOTAL ANNUAL RESPONDENTS' COST IN DOLLARS: \$5,360,520

(The dollar cost estimate uses a computed average hourly wage from Call Report data. The computed average hourly wage is \$31.00)

The source of information for the majority of the questions on the form is the monthly financial statements and reports prepared by all credit unions in their normal course of business. Furthermore, NCUA provides advance notification to credit unions of the revisions or changes to reporting. Credit unions can then modify their automated or manual record keeping systems as necessary before the actual collection of data begins.

14. Explain reasons for changes in burden, including the need for any increase.

Item 13 of OMB Form 83-I notes a decrease of 8,290 hours from the last submission (2013). The decrease is a result of an adjustment to the number of credit unions completing the Call Report from 6,864 to 6,550 estimated for March 2014. This decline is from credit union mergers or liquidations which have occurred at an approximate rate of one percent per quarter.

Item 14 of OMB Form 83-I notes no difference due to program changes; however, due to the increase in the average hourly salary of credit union employees, total cost increased \$42,007.

IMPACT OF MARCH 2014 CHANGES

These changes will assist NCUA in monitoring existing and emerging risks and financial trends within the industry and regulatory compliance. The changes relate to Bank Secrecy Act/Anti-Money Laundering, charitable donation accounts, derivatives, and investments used to fund employee benefits.

The Bank Secrecy Act/Anti-Money Laundering collection is only required for credit unions with Money Service Business member account relationships. NCUA estimates the number of respondents impacted may be as high as 25%. Credit unions engaging in MSB relationships collect this information in their normal course of business. NCUA anticipates the burden to transcribe these additional collection items to be negligible and not affect the total hours of collection. The new data collection items will assist in monitoring credit unions Bank Secrecy Act/Anti-Money Laundering risks posed by Money services businesses (MSBs) relationships.

Charitable donation account collection will monitor activity in Federal Credit Unions resulting from the changes in Part 703 and Part 721 of NCUA's Rules and Regulations. The collection will assist in off-site monitoring of the limitation set by the rule and concentration risk. Additionally, the collection will identify similar activity in Federally Insured State-Chartered Credit Unions. The information requested consists of a single entry request for the value these accounts. Credit unions engaging in this activity maintain this information in their normal course of business. NCUA anticipates the burden to transcribe these additional collection items to be negligible and will not affect the total hours of collection.

The derivative collection is a result of changes to Part 703 of NCUA’s Rules and Regulations. NCUA estimated the additional collection items would affect a maximum of 150 credit unions. Credit unions engaging in derivative activities are required to collect the requested information in their normal course of business. The estimated time to transcribe the information would be less than 40 minutes and would not affect the total average collection hours per credit union.

The revision to the collection items for investments to fund employee benefits is an effort to provide greater clarity. The initial collection items raised numerous questions from the reporting credit unions. The revised collection items provide more clarity and result in more accurate reporting. Credit unions using investments to fund employee benefits already collect the requested information in their normal course of business. NCUA anticipates no additional burden from the changes in these collection items.

15. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of reports, publication dates, and other actions.

The projected Financial and Statistical Report/Call Report collection timetable for 2014 is provided below. However, the 22nd of each quarter is an approximate date. The actual date is now the first Friday on or after the 22nd of the month following the quarter end.

March 31 Collection

April 22	Forms Due
April 22 - May 6	Forms Processed
May 7 - May 21	Reports Prepared
May 7 - June 4	Data Finalized and Distributed

June 30 Data Collection

July 22	Forms Due
July 22 - August 5	Forms Processed
August 6 - August 20	Reports Prepared
August 6 -September 3	Data Finalized and Distributed

September 30 Collection

October 22	Forms Due
October 22 - November 5	Forms Processed
November 8 - November 22	Reports Prepared
November 8 - December 7	Data Finalized and Distributed

December 31 Data Collection

January 22

January 25 - February 7

February 8 - February 22

February 8- March 7

Forms Due

Forms Processed

Reports Prepared

Data Finalized and Distributed