

NCUA Virtual Examination Research – Supporting Outreach Details

Outreach for the NCUA Virtual Examination project research will include the following stakeholder groups:

1. Credit Unions
2. State Supervisory Authorities
3. Select Data Vendors (includes Offline Data Vendors and Data Processors)

Below provides the opening narrative and discussion questions for each of these stakeholder groups.

Credit Union Outreach

Opening Narrative:

In 2017, the NCUA Board approved the NCUA Virtual Examination project to research methods for conducting examinations and supervision processes offsite in as many aspects as possible. In support of this initiative, NCUA is currently exploring ways to better harness new and emerging data, advancements in analytical techniques, innovative technology, and improvement in supervisory approaches.

By the end of 2020, the NCUA Virtual Examination Team will deliver to the NCUA Board a report that discusses alternative methods to analyze aspects of the financial and operational condition of a credit union in a more virtual operating model. The agency's goal is to transform, within the next five to ten years, the examination and supervision program into a predominantly virtual one for credit unions that are compatible with this approach.

As part of this effort, NCUA is soliciting your input for creative ideas to promote more offsite examinations while also balancing its responsibility to maintain a safe and secure credit union industry.

Discussion Questions

Examiner Interaction

- How do you as a credit union currently interact with NCUA examiners during a normal exam?
- What benefits do you see from having NCUA examiners onsite? What challenges? How do exam-related activities (preparing for an exam and performing exam-related activities during the period the NCUA examiners are on-site) impact the day-to-day operations of your credit union or your employees' regular responsibilities?

Examination Process

- What parts of the exam process are the most time-consuming or onerous for you as a credit union?
- How do you feel the examination process could be more streamlined and/or effectively performed?

- What is your appetite for a more remote-based examination process? Do you have any apprehensions about having more exam activities conducted offsite? Do you think the NCUA can perform examinations offsite without compromising its safety and soundness responsibilities?
- What concerns do you have, if any, about a diminished NCUA onsite presence? Can these be mitigated?

Data

- Would you be willing to provide additional data at the start of the exam (or at a regular, established cadence) if it led to reduced time spent onsite by examiners? What credit union data can be provided to examiners to facilitate more offsite supervision and reduce onsite examination time?
- Are you currently using any third-party analytics or data processing vendors? If so, which ones and what do they provide you (and at what cadence)? Would you be willing to share this information with NCUA?
- Are there other datasets you are already providing to other entities that could be leveraged in an examination?
- What challenges do you have as a credit union providing information/data requested by NCUA?
- How much of your loan level information (origination and servicing data) is available electronically?
- How much do you leverage third-party servicers for loan servicing? How do you currently provide to NCUA loan level data for loans serviced by third-parties? Could this process be more automated through the use of technology?

Technology

- What is your comfort level in using NCUA's secure file transfer portal (SFTP) to share data with examiners? What has been your experience with NCUA's SFTP?
- What new or emerging technological advancements do you think NCUA could better exploit to reduce time spent onsite during an examination?
- What do you see as the most significant technological challenges facing a more offsite examination process?
- Will video and telecommunications capabilities allow examiners, credit union management, and officials to maintain effective lines of communication with reduced in-person meeting opportunities? Do you believe video-conferencing software could be a suitable substitute for typical in-person tasks? What other methods of communication and protocols would aid in maintaining the quality of communications between the credit union and examination staff?
- How much does your credit union utilize "offline" tools (such as a thumb drive) versus "online" tools (such as file portals and/or remote access into systems via VPN) to share information with NCUA examiners? If the use is limited, what would encourage increased use of "online" technology?

Future Trends

- What types of financial services/products are you exploring to offer your members in the future? What types of specialized knowledge/skills do you think will be the most important for effectively serving your credit union members in the next 5-10 years?

- What capabilities/specialized knowledge do you think will be required for NCUA to effectively maintain the safety and soundness of the credit union industry over the next 10 years?

Closing

- What other methodologies or approaches should NCUA include in its virtual exam study?
- If you were redesigning the examination process from scratch as a fully virtual process, what would be included in your approach?

State Supervisory Authority Outreach

Opening Narrative:

In 2017, the NCUA Board approved the NCUA Virtual Examination project to research methods for conducting examinations and supervision processes offsite in as many aspects as possible. In support of this initiative, NCUA is currently exploring ways to better harness new and emerging data, advancements in analytical techniques, innovative technology, and improvement in supervisory approaches.

By the end of 2020, the NCUA Virtual Examination Team will deliver to the NCUA Board a report that discusses alternative methods to analyze aspects of the financial and operational condition of a credit union in a more virtual operating model. The agency's goal is to transform, within the next five to ten years, the examination and supervision program into a predominantly virtual one for credit unions that are compatible with this approach.

As part of this effort, NCUA is soliciting your input for creative ideas to promote more offsite examinations while also balancing its responsibility to maintain a safe and secure credit union industry.

Discussion Questions

Examination Process

- How do you typically collaborate with NCUA on exams?
- Where do you, as examiners, typically spend most of your time onsite at a credit union?
- What exam activities that are currently performed onsite might be good "virtual candidates?" Why?
- What are the exam activities that might be the hardest to move to a virtual model? Why?
- How do you feel the examination process could be more streamlined and/or effectively performed?
- What is your appetite for a remote-based exam process? Do you have any apprehensions about having the exam conducted offsite?
- How do you feel about a more "continuous monitoring" approach versus a regular 12-18 month scheduled exam? What might that model entail?

Examination Team Composition

- How are teams structured and resources allocated for your exams?

- What types of specialized knowledge/skills do you think will be the most important for maintaining a safe and sound credit union industry over the next 5-10 years?

Data

- What data sources could be better leveraged / explored to promote more risk-focused analysis to reduce onsite investigation / due diligence?
- What data could be requested from credit unions as part of a “standard” routine that could enhance the ability to conduct offsite reviews? How could credit unions be incentivized to provide this data and at what frequency?
- Are you currently leveraging any third-party data analytics or data processing vendors? If so, which ones and what do they provide you (and what cadence)? Is this information shared with NCUA? If not, can it be?
- To your knowledge, do state exams use the same source data as NCUA (primarily call report and loan & share samples)? Are there other data sources you utilize?

Technology

- How do you typically request and receive data/information from credit unions? Do you leverage any secure file transfer (SFT) technology? Any technology that allows remote access into credit union systems (such as a VPN)?
- What concerns, if any, do you have with utilizing NCUA’s secure file transfer portal? What has been your experience with its functionality thus far?
- Are you able to perform loan-level review activities remotely (not onsite at the credit union)? If so, what kind of technology do you use?
- Do you believe videoconferencing software could be an adequate substitute for traditionally in-person tasks and meetings?
- Are you currently researching or using any tools/technologies/processes to move toward a virtual-based exam process?
- What new or emerging technologies might enable an examination team to perform more work offsite?

Closing

- What other methodologies or approaches should NCUA include in its virtual exam study?
- If you were redesigning the examination process from scratch as a fully virtual process, what would be included in your approach?

Data Vendor Outreach

Opening Narrative:

In 2017, the NCUA Board approved the NCUA Virtual Examination project to research methods for conducting examinations and supervision processes offsite in as many aspects as possible. In support of this initiative, NCUA is currently exploring ways to better harness new and emerging data, advancements in analytical techniques, innovative technology, and improvement in supervisory approaches. As part of this effort, NCUA is exploring additional data sources and data services that may support its move toward a more virtual examination model.

Discussion Questions

This outreach effort will be based on the products and services a particular data vendor provides. Each call will be catered to the particular vendor and the questions will be focused on:

- Getting a better understanding of the type of data (e.g. student loan, mortgage, auto loans, small business loans, etc.) or products (e.g. underlying data sets, aggregated reports, portfolio level reports/dashboards, peer comparisons, transaction and processing services, analytical services etc.) offered by the vendor
- How data/analytics/services are provided (e.g. via website, portal, datasets)
- Cost structure offered by the vendor (e.g. fee-based, subscription-based, etc.)
- The reporting cadence (e.g. real-time, monthly/quarterly)
- Examples of data/service packages provided to other regulators and/or financial institutions