

National Credit Union Administration
SUPPORTING STATEMENT

NCUA Profile (NCUA Form 4501A)
OMB No. 3133-0204

**SUMMARY OF PROPOSED CHANGES TO NCUA PROFILE
DATA COLLECTION**

PROPOSED CYCLE DATE: March 31, 2020

REPORT(S) IMPACTED: NCUA Profile Form

OMB FORM #: 3133-0204

PROFILE PAGE(S) IMPACTED:

- Regulatory Information – Page 6

SUPPORTING ATTACHMENTS: Draft March 2020 Profile Form.

Profile Changes

NCUA proposes to add two questions concerning the London Interbank Offered Rate (LIBOR). LIBOR may be permanently discontinued after 2021. Credit unions need to progressively manage their transition away from the purchase of LIBOR instruments or the use of LIBOR as a reference rate in their own structured transactions and do so over the next two years. The transition away from LIBOR is important as a risk mitigation strategy to help credit unions avoid future exposure to what could become a disruptive force in the financial markets. While the impact of discontinuation is still unknown, financial regulators including the NCUA are urging covered institutions to take proactive steps to diminish use and exposure to LIBOR beginning immediately.

Credit unions would have this information readily available and the response to these questions will allow examiners to assess credit unions' exposure, governance, risk management and readiness related to the discontinuance of the LIBOR index.

- Identification of all LIBOR-related transactions including both on- and off-balance sheet exposures (number of transactions and balance amounts);
- Planning, governance, senior executive engagement, budgeting, accounting and addressment of other impacts related to the transition and discontinuance of the index.

Description of Profile Form Changes:

Page 6 – Regulatory Information – Add item 15:

15. LIBOR Exposure:

- a. Does your Credit Union have any member related transactions
(for example Loans or Shares) indexed to LIBOR?..... Yes/No
- b. Does your Credit Union have any non-member or counterparty transactions
(for example Investments or Derivatives) indexed to LIBOR? Yes/No

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A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Sections 106 and 202 of the Federal Credit Union Act require federally insured credit unions to make financial reports to the NCUA. Section 741.6 requires insured credit unions to submit a Credit Union Profile (NCUA Form 4501A) and update the Profile within 10 days of election or appointment of senior management or volunteer officials or 30 days of other changes in Program information. The NCUA website further directs credit unions to review and certify their Profiles every Call Report (OMB No. 3133-0004) cycle.

Credit union information collected through the Profile is essential to NCUA supervision of federal credit unions. This information also facilitates NCUA monitoring of other credit unions with share accounts insured by the National Credit Union Share Insurance Fund (NCUSIF).

2. Purpose and use of information collected.

NCUA uses the information collected through the Profile to supervise and regulate federally insured credit unions.

Changes made to the Profile form for March 2020 will help NCUA assess credit union programs without increasing the burden on reporting institutions.

3. Use of improved information technology.

Individual credit unions are the sole source of information about their financial condition and operations. Effective January 1, 2014, all federally insured credit unions must use the NCUA web-based data collection system (CU Online) to submit their Call Reports and update their Profiles. The Profile captures information about the credit union that changes infrequently. After initial Profile data are entered, a credit union need only update data to reflect additions, deletions, and other changes. Credit unions must update Profile information within ten days of an election or appointment of an official or 30 days of any other change. Requiring input only when Profile information changes and allowing such changes to be made 24/7/365 through an online interface reduces reporting burden.

4. Duplication of information.

This collection of information is unique to each FICU and is not duplicated.

- 5. Efforts to reduce burden on small entities.**
This collection does not have a significant impact on a substantial number of small credit unions. Updates to the Profile can be performed electronically via CUOnline.
- 6. Consequences of not conducting the collection.**
Collection items from the Profile provide critical information for supervision of safety-and-soundness and monitoring of regulatory compliance. In particular, NCUA uses collection items for off-site monitoring, which greatly reduces the burden of on-site examinations. NCUA must react quickly to emerging risks to protect the share accounts of the nation's credit union members and the integrity of the NCUSIF.

The consequences of non-collection are severe. Absent Profile updates, SSAs and NCUA would have to rely on more frequent on-site visits to monitor regulatory compliance.
- 7. Inconsistencies with guidelines of 5 CFR 1320.5(d)(2).**
There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).
- 8. Efforts to consult with persons outside of the agency.**
A 60-day notice was published in the *Federal Register* on November 15, 2019, at 84 FR 62558, soliciting comments from the public. No comments were received in response to this notice.

The NCUA has an ongoing commitment to communicate and interact with SSAs, NASCUS, and credit-union trade associations. Typically, the NCUA receives comments and suggestions from SSAs and trade associations throughout the year. The NCUA considers these comments when revising the Call Report and Profile forms as well as other aspects of data collection.
- 9. Payment of gifts to respondents.**
No payment or gifts are provided to respondents.
- 10. Assurance of confidentiality.**
There is no assurance of confidentiality other than that provided by law.
- 11. Questions of a sensitive nature.**
Data collection fields are critical for adequate off-site monitoring and on-site examination of federally insured credit unions. The Profile asks for critical non-financial data such as contact information for credit union officials and mandatory-role individuals. A System of Records Notice (SORN) is not required as the information is not stored based on the individual's name or other personally identifiable information.
- 12. Burden of the collection of information.**
As of September 2019 there were 5,281 Federally-insured credit unions. NCUA estimates credit unions will, on average, need two hours to complete the form, via

CUOnline. Section 741.6 requires the Profile be updated within 10 days of election or appointment of senior management or volunteer officials or 30 days of other changes in program information and to be certified every quarter during the Call Report cycle.

No. Respondents	No. Responses Per Respondent	No. Annual Responses	Hours Per Response	Total Annual Burden Hours
5,281	4	21,124	2	42,248

Based on the labor rate of \$38 per hour, the total cost to respondents is \$1,605,424. The dollar-cost estimate uses an average hourly wage for credit union staff. This wage rate of \$38 is based on Call Report data. NCUA provides advance notification of all changes in reporting, thereby allowing credit unions to modify automated and manual record-keeping systems before data collection begins.

- 13. Capital start-up costs and operations and maintenance costs.**
There are no capital start-up, operation, or maintenance costs associated with this information collection.
- 14. Annualized cost to the Federal government.**

Staff

Central Office:

Systems staff - 1 full-time persons	\$137,500
Technical data processing support staff	\$334,000

Regional Offices:

Regional office staff – 96 hours @ \$57/hr.	\$5,472
Examiner field staff – 10,053 hours @ \$38/hr.	\$382,017
TOTAL ANNUAL FEDERAL GOVERNMENT COST:	\$858,989

The estimate of annual costs to the Federal Government includes all costs associated with collection, processing, and distribution of information. It is important to note, however, these costs are offset through the NCUA Risk Focused Examination program.

- 15. Changes in burden.**
Revisions include the addition of two questions addressing London Interbank Offered Rate (LIBOR) exposure. These questions are needed to identify FICUs that have LIBOR instruments or use LIBOR as a reference rate. Examiners will use this information to assess credit unions’ exposure, governance, risk management and readiness related to the discontinuation of the LIBOR index after 2021.

This revision will not alter the estimated burden hours necessary to complete the profile. The information needed to provide a “yes” or “no” response is readily available and NCUA feels that the two hours currently allotted to complete the Form 4501A is sufficient.

The adjustments are due to the reduction in the number of credit unions reporting.

16. Collections of information planned to be published for statistical use.

The projected Profile collection schedule for 2020 is provided below. The schedule is tentative because NCUA is reviewing procedures for processing Call Report data.

March 31 Collection

April 26	Forms Due
April 27 - May 7	Forms Processed
May 8 - June 1	Data Finalized and Distributed

June 30 Collection

July 26	Forms Due
July 27 - August 6	Forms Processed
August 7 - September 1	Data Finalized and Distributed

September 30 Collection

October 25	Forms Due
October 26 - November 5	Forms Processed
November 6 - December 4	Data Finalized and Distributed

December 31 Collection

January 24, 2021	Forms Due
January 25 - February 4, 2021	Forms Processed
February 6 - March 5, 2021	Data Finalized and Distributed

17. Request of non-display of the expiration date of the OMB control number.

The display of an expiration date may cause confusion among respondents when providing information by a prescribed date because minor technical changes to an electronic system would impose additional time and resources if no other information was to change. Non-display of the expiration date of the OMB approval is requested.

18. Exceptions to Certification for Paperwork Reduction Act Submissions.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.