CREDIT UNION STAKEHOLDER CALL SCRIPT

INTRODUCTION BY NCUA

- The NCUA is in the process of modernizing our examination systems. One of the primary data sources for the examination process is the AIRES download. The last time the AIRES download fields were updated was in April 2003. The AIRES download is currently limited to data in the core data processing system.
- As part of the modernization effort, we are evaluating the data we collect to improve the examination process with robust analytics, more off-site work, and ultimately a more efficient examination process.
- On October 31, 2017, the NCUA issued a Request for Information (RFI) in the Federal Register to expand and standardize the loan, deposit and investment data we collect as part of an exam. This RFI closed on January 2, 2018.
- The RFI included 12 questions requesting input about the relevant issues the NCUA should consider regarding this proposed change.
- Credit unions use many different data processing vendors and platforms for core data processing as well as other solutions that may or may not integrate with their core data processing system (e.g., mortgages, credit cards, etc.). The NCUA is not asking credit unions to consolidate data from the disparate sources into one file; however, desires to publish a standard schema for all data files to import into analytic tools.
- The RFI proposed credit unions would only need to provide the requested data if they offered the member service (e.g., indirect loans, mortgages, etc.) and if the data was available electronically.
- Based on our preliminary review, the responses included several concerns:
    - Small credit unions would face challenges in complying with the proposed changes.
    - The time and resources needed to comply with proposed changes and related staff training would be burdensome.
    - Credit unions are heavily reliant on vendors to provide systems and reports to comply with the NCUA data requests and would like many of the data fields to be optional.
    - Vendor systems may not support the fields proposed and will need long lead times for updating systems.
- The purpose of this meeting is to gain further insight into the hurdles raised by stakeholders and gain a better understanding about what data is stored electronically, understand the level of effort and impact of publishing a schema to standardize the data fields, and seek implementation ideas and considerations.

QUESTIONS FOR CREDIT UNIONS

1. Do you rely on your core data processing vendor to create the loan and share download or provide a reporting function for you to pull the information for your examiner?
   a. What version of the software are you on? Is it the most recent version?
   b. Have you discussed the proposed RFI data changes with them?
      i. If yes, what feedback did they provide?

2. Who are your primary non-core vendors (e.g., investment broker/services, credit cards, mortgages, commercial loans, student loans, participation servicing, etc.)?
   a. Have you discussed the proposed data collection with them? If yes, what feedback did they provide?
   b. Do they currently provide your credit union with a data extract file?
      i. Has your examiner requested this information on examinations in the past?
   c. Is the credit union able to run a data file on demand or must you request this information from the vendor?
      i. If you must request the file, how long is the delay in getting the information?

3. How many vendors/third parties in total would be required to provide a data extract for each section:
   a. Loans
   b. Deposits
   c. Investments

4. Do you use the current AIRES download for purposes other than the examination process?
   a. What other uses are there for the share download?
   b. What other uses are there for the loan download?

5. What benefits could you foresee from the proposed data changes?

6. What are the obstacles to successfully implementing the proposed data changes?

7. Are there any fields applicable to your services from the proposed RFI list that would be a challenge to provide?
   a. If so, which fields and why?
      i. To what extent is this due to vendor system limitations?
      ii. To what extent is the limitation because your credit union is not currently electronically capturing the data?

8. NCUA Letter to Credit Unions 03-CU-05 establishes "critical" and "optional" data categorizations for the fields listed. Should this option be eliminated?
   a. What approach do you think the NCUA should use to collect standardized data for better analytics and examination efficiencies?

9. Have you evaluated the potential cost to your credit union from implementing the proposed data changes?
    a. If so, what cost implications do you expect?

10. What implementation strategies and timeline should the NCUA consider with this initiative?

11. What specific information security controls or assurances are expected from the NCUA to reasonably safeguard the electronic loan, share, and investment data?

12. Do you have any additional thoughts or considerations for the NCUA that you would like to share today?