

National Credit Union Administration
SUPPORTING STATEMENT

NCUA Template: Large Credit Union Data Collection
OMB No. 3133-NEW

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

The NCUA issued a regulation under 12 CFR Part 702, Subpart C, “Capital Planning and Stress Testing” regarding capital planning and stress testing for federally insured credit unions with \$10 billion or more in assets (covered credit unions).

Capital is central to a credit union’s ability to absorb unexpected losses and to continue to lend to creditworthy consumers. Capital serves as the first line of defense against losses, protecting the National Credit Union Share Insurance Fund (NCUSIF). As such, the processes of a covered credit union for managing and allocating its capital resources are critical not only to its individual health and performance, but also to the stability and effective management of the NCUSIF. NCUA’s Capital Planning and Stress Testing Rule emphasizes the importance the NCUA Board places on a credit union’s capital policy and governance, internal capital planning processes, and on the supervisory assessment of all aspects of these processes. The rule is a key element of NCUA’s supervisory program to promote safety and soundness at the largest credit unions.

The rule authorizes covered credit unions to conduct their own stress tests in accordance with the NCUA’s requirements and permits covered credit unions to incorporate stress test results into their capital plans.

Section 702.506 requires necessary data files for those credit unions to conduct supervisory stress test. The data collection templates were developed for credit unions to provide specific data elements to NCUA with the information needed to evaluate their internal assessments of capital adequacy and ensure capital sufficiency.

The data collection program started for six covered credit unions in the first quarter of 2017. The rapid growth of large credit unions has resulted in thirteen additional credit unions being subject to the capital planning and stress test regulation and data collection program. The data collection enhancements in 2022 are based on NCUA risk assessment needs, data quality review insights, and feedback from credit unions. These changes are expected to enhance data collection quality and improve the risk assessment capability and supervision program of the NCUA.

The NCUA uses the data collected to conduct an independent supervisory stress test (SST) and use the internal stress testing results to assess the reasonableness of the stress test results of a covered credit union. The NCUA’s independent stress test results are

expected to support the review and ongoing improvement of the covered credit union's stress testing practice with the respect to its internal assessments of capital adequacy and overall capital planning.

2. Purpose and use of the information collected.

The NCUA intends to use the data collect to assess the reasonableness of the stress test results of a covered credit union and to provide forward-looking information to NCUA regarding a covered credit union's capital adequacy. The stress test results are expected to support the review ongoing improvement in the covered credit union's stress testing practice with respect to its internal assessments of capital adequacy and overall capital planning. The NCUA may also use the data collected to conduct other quantitative analyses to identify, measure, and monitor risks at the covered credit union. These data-driven analyses are expected to support the agency's supervision program and ensure the safety and soundness of the credit union system.

3. Use of information technology.

The FCU Act does not prescribe specific information systems for this data collection. Therefore, credit unions may use any information technology available to reduce the burden imposed by the regulation.

The NCUA requires the information to be submitted in the form of delimited text files and be electronically transferred via a secure online portal. Credit unions may use any available information technology to satisfy the information collection requirements.

4. Duplication of information.

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

5. Efforts to reduce burden on small entities.

Not applicable. The information collection affects only large institutions that are \$10 billion or greater in assets.

6. Consequences of not conducting the collection.

Conducting the collection less frequently would potentially present safety and soundness risks to those entities otherwise subject to testing.

7. Inconsistencies with guidelines in 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 the agency.

A 60-day notice was published in the *Federal Register* on March 21, 2022, at 87 FR 16033, soliciting comments from the public. No public comments were received in response to this notice.

9. Payment or gifts to respondents.

The NCUA does not provide payment or gifts for the information collected.

10. Assurance of confidentiality.

There is no assurance of confidentiality other than that provided by law.

11. Questions of a sensitive nature.

No questions of a sensitive nature are asked. Personally Identifiable Information (PII) is not collected.

12. Estimate of burden of the information collection.

Previous reporting by credit unions fell below the PRA threshold. Because of the increased number of credit unions, along with the new and revised templates, NCUA is requesting this information collection as a new collection. In calculating the “total annual burden” the following was considered: (1) Recurring burden imposed on all credit unions to provide NCUA the prescribed information quarterly (19 respondents × quarterly reporting × 5 hours to complete each report = 380 annual burden hours); (2) an one-time burden of 400 hours on each of the 11 current credit unions (a total of 4,400 hours) to develop new templates and update current templates to accommodate revisions, and (3) an one-time burden of 600 hours on each of the estimated 8 potential credit unions (a total of 4,800 hours) to develop all templates for this information collection requirement. The “one-time” burden is defined as information collection burden related to the upfront templates development and revision captured in a single annual reporting period (first 12 months). Because the OMB approval is granted for up to three years, the one-time burden explained above which represents a majority of the total burden hours has been evenly allocated over the life of the anticipated approval period (3 years).

Reporting Templates	No. of Respondents	Frequency	Total Annual Responses	Est Avg hrs. per Response	One-time burden divided (by 3) to cover the life of OMB approval	Total Annual Burden
NCUA Template; CU Historical Data	19	4	76	5		380
One-time burden associated with revisions to current program systems	11	1	11	400	133.3	1,467
One-time burden associated with systems programming to capturing data of New respondents	8	1	8	600	200.0	1,600
TOTAL	19		95			3,447

Based on the labor rate of \$35 per hour, the total annual cost to respondents is \$120,645.

13. Capital start-up or on-going operation and maintenance costs.

There are no capital start-up or operation and maintenance costs.

14. Annualized costs to the Federal government.

NCUA estimates the annualized cost the Federal government will be \$488,859. This estimate is based on the time ONES data staff commit on activities such as the development and internal reviews, communication and training, data review and analysis, and handling downstream impact of the changes on reporting and analysis.

15. Changes in burden.

Previous reporting by credit unions fell below the threshold that triggers the PRA. The PRA requires that Federal agencies obtain OMB approval of a collection directed to ten or more entities (44 U.S.C. 3502(3)(A)(i)). Because of the increased number of covered credit unions, along with the new and revised templates, NCUA is requesting this information collection as a new collection.

16. Information collection planned for statistical purposes.

The information is not planned for publication for statistical purposes. The information collection will be used for internal Agency purposes.

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

The display of the expiration date of the OMB approval will cause confusion among entities preparing the templates. Non-display of OMB expiration date is requested.

18. Exceptions to the Certification for Paperwork Reduction Act Submission.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.