



August 30, 2020

Ms. Heather Phelps
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Strategies for Future Examination and Supervision Utilizing Digital Technology

Dear Ms. Phelps:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the National Credit Union Administration's (NCUA) request for information on Strategies for Future Examination and Supervision Utilizing Digital Technology. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.6 million consumers.

Regarding utilization of digital technology by the NCUA, there are benefits and changes we are seeing now that will be long lasting after the pandemic. This includes being able to work remotely and finding alternative ways to conduct meetings between examiners and credit unions (e.g., virtual meetings). Also, credit unions and NCUA have already proven there are secure ways to relay confidential information during the pandemic and pre-pandemic (e.g., the filing of Call Reports). A significant amount of examination reference materials are already in electronic form and can be easily uploaded to a secure portal for use in a credit union exams. In addition, the agency has already emphasized IT security and risk assessment and has expanded upon those areas as remote working environments were being used during the pandemic. We assume that NCUA has already taken the appropriate precautions for security and privacy with its examiners; however, the credit union industry would benefit from an explanation of what these precautions are.

For as much progress that has been made, NCUA will need to have some understanding and flexibility with credit unions that only have documents in paper form. This can be managed by imaging and securely uploading; however, some credit unions may have limited imaging capacity so alternatives should be considered. For example, examiners could do an on-site visit just to view the paper documents or examiners could minimize the requests or sampling size.

A digital examination can allow credit unions to respond to examiners without the same interruptions of an in-person examination. It could easily help reduce the examiners' workload by eliminating travel time and as well as eliminating travel expense.

Use of digital technology should not result in the agency asking for additional information more frequently (e.g., quarterly). Nor should it result in the agency being allowed to bypass the credit union and work directly with a credit union's third-party vendor without the credit union's permission. The third party works for the credit union, and the credit union is in the best position to provide the most up to date and accurate information, such as management's response to BSA and ACH audit findings.

We appreciate the agency's openness to evaluating alternative examination methods, and we are hopeful that it results in the increased utilization of digital technology. We believe the pandemic environment has proven that its use can be expanded, and it can be more effective. If you have any questions about this comment letter, please do not hesitate to email me at johnm@icul.org or call me at (317) 594-5320.

Sincerely,

John McKenzie
President, Indiana Credit Union League