

FOR IMMEDIATE RELEASE

June 25, 2021

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NASCUS President and CEO Lucy Ito Comments on June NCUA Board Meeting

ARLINGTON, VIRGINIA – The National Credit Union Administration (NCUA) Board unanimously approved two final rules yesterday, addressing the capitalization of interest by federally insured credit unions and mitigating the day-one effect of the Current Expected Credit Loss (CECL) accounting standard on capital levels. The National Association of State Credit Union Supervisors (NASCUS) welcomes support for both issues.

The first rule will provide greater flexibility for the credit union system to work with economically distressed members on interest capitalization. “This rule will expand the options for loan repayments by members working to regain their economic footing as the financial impact of the coronavirus crisis begins to recede,” stated Lucy Ito, President and CEO, NASCUS.

On the CECL standard rule, Ms. Ito thanks the board for heeding the state system’s suggestions on recognizing fiscal years and clarifying eligibility for small, state-chartered credit unions subject to GAAP. In his remarks, NCUA Board Vice Chairman Kyle Hauptman commented on the structural differences of credit unions compared to other financial counterparts.

Ms. Ito expressed, “NASCUS applauds Vice Chairman Hauptman in observing that the cooperative structure of credit unions differentiates them from other financial intermediaries. NASCUS believes CECL should apply to credit unions given their business functions as depositories and lenders. We look forward to working with NCUA on tools and resources to assist credit unions in complying with CECL in a cost-effective and time-effective manner.”

Amidst the discussion, Chairman Todd Harper and Board Member Rodney Hood expressed support for a credit union advisory body at NCUA, similar to advisory bodies of other federal agencies.

“NASCUS fully agrees with Board Member Hood and Chairman Harper on the value of a credit union advisory body at NCUA.” Ms. Ito commented. NASCUS enacted a public policy calling for creating an NCUA Federally Insured Credit Union Advisory Council in April 2017. As a result, NASCUS is suggesting prompt action.



The National Voice of the State Credit Union System

Ms. Ito further stated, "As administrator of the National Credit Union Share Insurance Fund (NCUSIF), NCUA should form an advisory council of federally insured credit unions to provide NCUA with advice and guidance on issues related to share insurance regulation and supervision. Such an advisory council should consist of equal numbers of state chartered and federally chartered credit unions and should convene at least twice annually with the NCUA board in public meetings."

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NASCUS is the national association that advocates for a strong and healthy state credit union system, and whose members include state regulatory agencies, credit unions, credit union leagues, and organizations that support the state credit union system.