

## A KINDER, GENTLER (AND SLOWER?) NCUA

The specific case is a footnote. But the bottom line is, does NCUA understand regulatory burden better than other regulators?

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One of the many changes made by the Dodd-Frank Act was the permanent increase in the standard maximum deposit insurance. Coverage was permanently increased to \$250,000 per bank depositor, from \$100,000.

The same action was taken for credit union share insurance. The insurance coverage for credit union share accounts was also permanently increased to \$250,000 per member.

The change was effective immediately on July 21, 2010, although the \$250,000 insurance cap was already in place and wasn't scheduled to revert back to \$100,000 until Jan. 1, 2014.

Both FDIC and NCUA recently issued regulation amendments that formally implement the corresponding changes to the signs that institutions must display at insured credit union and bank offices. The amendments to FDIC 12 CFR 328 and NCUA 12 CFR 740 revise the wording of the official insurance sign that banks and credit unions must display at locations where deposits are accepted. The new signs replace the \$100,000 with the new \$250,000 amount.

The only big difference between the two agencies' announcements and the two types of institutions is the timing of the implementation of the new signage.

For some reason, NCUA has given insured credit unions more time to implement the change than FDIC has given insured banks.

FDIC gave banks four and a half months to comply with the signage change and NCUA gave credit unions six months. FDIC announced the rule change on Aug. 13, 2010 and gave banks until Jan. 1, 2011 to obtain and display the new signs. NCUA issued its rule change on Sept. 2, 2010 and has given credit unions until March 2, 2011 to comply. (Both agencies said that institutions could comply sooner than the deadline if they chose.)

Why the difference?

The NCUA announcement in the Federal Register stated that "NCUA is aware, from previous experience, that putting a revised official sign in place can be a disruptive process for credit unions."

NCUA is seeking to balance the need to ease the burden on credit unions with the importance of informing members of the insurance change. How is the burden of the change any greater for credit unions than banks?

Is it more difficult for credit unions to obtain and display new signs? Is NCUA more in tune with the regulatory burden of its constituency?

It took NCUA several additional weeks to issue their regulation amendment than FDIC, but the additional time given for compliance is more than a couple of weeks.

Why is the burden of obtaining new signs and changing signage at offices greater for credit unions than banks?

What causes the difference?

About Nancy Derr-Castiglione

"Lucy and Nancy's Common Sense Compliance" is blogged by both Lucy Griffin and Nancy Derr-Castiglione, both ABA Banking Journal contributing editors on compliance.

Nancy, a Certified Regulatory Compliance Manager, is owner of D-C Compliance Services, an independent regulatory compliance consulting services business that has provided expertise in compliance training, monitoring, risk assessment, and policies and procedures to financial institutions since 2002.

Previously, Nancy held compliance positions with Bank One Corporation and with United Banks of Colorado.

In addition to serving as a Contributing Editor of ABA Banking Journal, Nancy has served on the ABA Compliance Executive Committee; National and Graduate Compliance Schools board; conference planning committees, and the Editorial Advisory Board for the ABA Bank Compliance magazine. She can be reached at [nancycastiglione@comcast.net](mailto:nancycastiglione@comcast.net)

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