

NCUA Top Supervisory Priorities for '17:

Cybersecurity, BSA

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January 13, 2017

NCUA outlined its supervisory priorities for 2017 in a letter sent to credit unions ([17-CU-01](#)). The letter is intended to assist credit unions in preparing for their next examination.¹

“NCUA field staff will continue to use the streamlined small credit union exam program procedures for credit unions with assets up to \$50 million and CAMEL ratings of 1, 2, or 3,” the letter reads. “For all other credit unions, field staff will conduct risk-focused examinations, which concentrate on the areas of highest risk, new products and services, and compliance with federal regulations.”

The primary areas of supervisory focus are:

- **Cybersecurity assessment.** NCUA will continue to carefully evaluate credit unions’ cybersecurity risk management practices and encourages credit unions to use the Cybersecurity Assessment Tool to bolster their security and risk management processes. NCUA plans to increase its emphasis on cybersecurity by enhancing the examination focus with a structured assessment process, which could be completed by the end of the year;
- **Bank Secrecy Act compliance.** In 2017, NCUA field staff will focus on credit unions’ relationships with money services businesses and other accounts that may pose a higher risk for money laundering;
- **Internal controls and fraud prevention.** Credit unions with limited staff may be more susceptible to insider fraud as a result of inherent challenges maintaining adequate separation of duties. NCUA field staff will continue to evaluate the adequacy of credit union internal controls, as well as overall efforts to prevent and control fraud.
- **Interest rate and liquidity risk.** NCUA field staff are now using a revised interest rate risk supervisory tool and new examination procedures to assess interest rate risk management practices in credit unions;
- **Commercial lending.** NCUA field staff will evaluate a credit union’s commercial loan policies and procedures and assess the risk management processes associated with managing a commercial loan portfolio; and
- **Consumer compliance.** Given changes to the Military Lending Act that have gone into effect recently, as well as additional changes that will go into effect in October 2017, NCUA field staff will evaluate credit unions’ compliance with the Act. Field staff will also review compliance with the Servicemembers’ Civil Relief Act.

¹: <http://news.cuna.org/articles/111703-cybersecurity-bsa-top-ncuas-2017-supervisory-priorities>