

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION

NATIONAL CREDIT UNION SHARE INSURANCE FUND

LETTER TO CREDIT UNIONS

LETTER NO. 148

TO CREDIT UNIONS DATE: November 10, 1993

DEAR BOARD OF DIRECTORS:

By now most credit unions are aware of the Truth in Savings regulation that NCUA issued in September. To help credit unions prepare for the changes that Congress mandated, NCUA has:

Begun working with credit union trade groups to coordinate education and training;

Begun identifying credit unions that may have difficulty complying with Truth in Savings;

Begun training examiners to provide grass roots support to credit union officials; and Delayed the mandatory effective date of the regulation to January 1, 1995.

The purpose of Truth in Savings is to give customers a standard reference for determining interest (or dividend) rates at different institutions. NCUA has made every effort to recognize credit union uniqueness in these matters, while writing a regulation that follows the law. We understand that some credit unions, especially smaller credit unions that manually post their records, will need help in preparing for the regulation.

NCUA is committed to helping credit unions of any size in any way that is needed. We will tailor assistance to the needs of each credit union, providing help on site or at larger meetings, whatever is requested. Anyone from the NCUA staff who can be helpful, from examiners to regional directors to attorneys, will be available.

In the coming months you will see publicity about meetings and educational events. I encourage all credit unions to avail themselves of these meetings as soon as possible. Although Truth in Savings' effective date for credit unions is over a year away, banks and thrifts must already comply, and customers are quickly becoming used to looking for standard interest rate comparisons. Credit unions that wait until the last moment to comply risk confusion and lost business as members and potential members shop for rates.

Complicated new regulations are not enjoyable for anyone, but by working together we can fulfill the Congressional mandate while continuing to provide the best possible service to members.

For the National Credit Union Administration Board,

Roger W. Jepsen
Chairman