



SMALL CREDIT UNION NETWORKING MEETING: COMPLIANCE UPDATE

SEP. 30, 2026

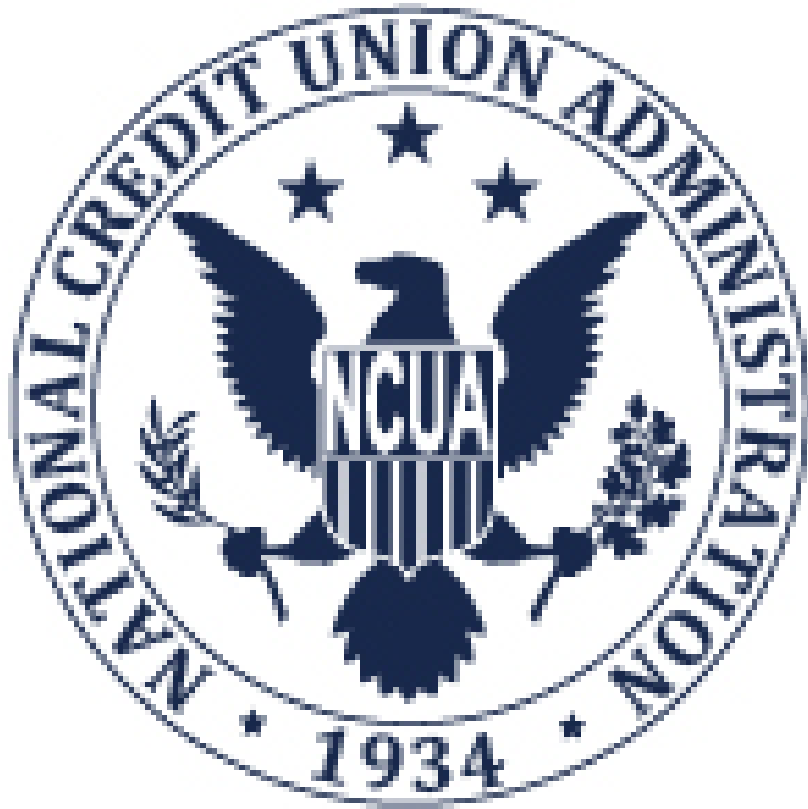


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NCUA 2026 Supervisory Priorities

NCUA Letter to Credit Unions No. 26-CU-01 (Jan. 2026):



- **Balance Sheet Management:**
 - Lending
 - Sensitivity to Market Risk and Liquidity
 - Earnings and Capital Adequacy
- **Operational Risk Management:**
 - Payment Systems
 - Fraud Prevention and Detection
- **Compliance Risk Management:**
 - Bank Secrecy Act (BSA) Compliance and Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Programs

Lending

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- Supervisory concern about weakening loan portfolios
- “NCUA examiners will focus on credit union lending and related risk-management practices” with an “institution-specific” exam approach that could look at the “sufficiency of credit administration, including:”
 - Loan underwriting,
 - Loss mitigation programs (including loan modifications and workouts),
 - Allowance for Credit Loss reserves and methodologies,
 - Charge-off practices
- *Relevant NCUA Letters to CUs and Other Guidance:*
 - 23-CU-05, Commercial Real Estate Loan Accommodations and Workouts
 - 23-CU-04, Update to Interagency Policy Statement on Allowances for Credit Losses
 - 14-CU-08, Home Equity Lines of Credit Nearing Their End-of-Draw Period
 - 07-CU-13, Evaluating Third Party Relationships
 - 03-CU-01, Loan Charge-off Guidance
 - Supervisory Letter 10-03, Concentration Risk



Sensitivity to Market Risk and Liquidity ...

- “Interest Rate Risk (IRR), and Liquidity risk remain key supervisory priorities as credit unions continue to adjust to a higher-rate environment following an extended period of balance sheet expansion and repricing.”
- CU should expect continued supervisory focus on diversified funding strategies and robust liquidity risk management “to ensure institutions can withstand a range of interest rate and funding stress conditions.”
- Examiners will assess CUs’ ability to identify, monitor, and control IRR and liquidity risk through sound modeling practices, reasonable assumptions, and appropriately tiered scenarios, including assessing CUs’ governance frameworks and alignment between balance sheet structure, funding composition, and risk appetite
- *Relevant NCUA Letters to CUs and Other Guidance:*
 - Examiner’s Guide, Liquidity and Sensitivity to Market Risk
 - 22-CU-09, Updates to Interest Rate Risk Supervisory Framework
 - Supervisory Letter 22-01, Updates to Interest Rate Risk Supervisory Framework
 - Ncua.gov Webpage, “Liquidity Risk Resources”



Earnings and Capital Adequacy

- NCUA examiners will assess whether the current and prospective sources of earnings are sufficient to support capital targets under a range of interest rate, credit, and liquidity stress scenarios.
- NCUA examiner reviews may focus on:
 - Policies,
 - Procedures,
 - Risk limits, and
 - Capital planning practices (including how credit unions incorporate interest rate risk, funding constraints, and concentration risks into their capital adequacy assessments).
- This supervisory approach will emphasize forward-looking analysis aligned with a credit union's size, complexity, and risk profile.
- *Relevant NCUA Letters to CUs and Other Guidance:*
 - Examiner's Guide, Earnings
 - Supervisory Letter 09-03, Reviewing Adequacy of Earnings
 - Supervisory Letter 06-01, Evaluating Earnings
 - Ncua.gov Webpage, Regulatory and Compliance Resources



Payment Systems

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- “Increasingly complex” modern payment systems introduce “the potential for added operational and security risk exposures.”
- NCUA Examiners will assess whether credit unions have in place systems to address fraud and cyber threats in the following areas:
 - Effective governance,
 - Risk assessments,
 - Vendor management, and
 - Security frameworks
- *Relevant FFIEC Guidance:*
 - FFIEC’s IT Examination Handbook Infobase topics on:
 - “Retail Payments Systems”: <https://ithandbook.ffiec.gov/it-booklets/retail-payment-systems/>
 - “Wholesale Payments Systems: <https://ithandbook.ffiec.gov/it-booklets/wholesale-payment-systems/>

Fraud Prevention and Detection

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- “NCUA examiners will continue to review credit union efforts to deter and detect fraud, including the adequacy of internal controls and separation of duties to guard against insider abuse.”
- “In 2026, the agency will review its examination procedures to ensure internal control and other review areas align with the ever-changing fraud landscape.”
- *Relevant NCUA Guidance:*
 - Ncua.gov Website on Fraud Prevention:
<https://ncua.gov/regulation-supervision/regulatory-compliance-resources/fraud-prevention-resources>





Bank Secrecy Act (AML/CFT)

- In 2026, the Treasury Department/FinCEN continues to implement the Anti-Money Laundering Act of 2020 and is contemplating significant changes to update anti-money laundering/countering the financing of terrorism (AML/CFT) rules for the 21st Century to be more effective and less burdensome.
- Exam focus on CU's risk-based approach to BSA compliance and how well the AML/CFT program is tailored to the CU's risk profile.
- Examiners will consider whether credit unions focus their resources on the areas of greatest money laundering/terrorist financing (ML/TF) risk and whether the CU's policies, procedures and controls are effective at mitigating illicit financial activity risks.
- *Relevant NCUA Guidance:*
 - Ncua.gov Website on AML/CFT Resources:
<https://ncua.gov/regulation-supervision/regulatory-compliance-resources/fraud-prevention-resources>

NCUA Deregulation Project



- **Over 30 NCUA Proposed Rules in 2026:**
 - 11 rules finalized so far:
 - 6 of these rescinded an entire regulation or Interpretive Ruling and Policy Statement (IRPS)
 - 20 proposals remain to be finalized
 - **CCUA commented on all these!**

NCUA Deregulation Project (cont.)

- **Final Rules so far:**

- **Section 701.20:** No longer requires segregated collateral when an FCU acts as a surety or guarantor
- **Section 701.21:** Removed portfolio-shaping limit on FCUs' indirectly serviced vehicle loans
- **Section 701.23:** Loosened requirements for FCUs' policies on Eligible Obligations and removed conflict-of-interest rule.
- **Section 701.25:** BOD approval not needed to FCU-to-CU loans.
- **Section 701.26:** Repealed "Credit Union Service Contracts" rule.
- **Section 741.5:** Notice of termination of excess share insurance (MSIC, ASI) no longer has 30-day requirement
- **Section 741.10:** Repealed rule requiring FISCUs to give disclosures to nonmembers regarding uninsured deposits.
- **4 x IRPS Rescinded**





Federal Banking Agencies’ “Proposed Third-Party Risk Management Guidance”

- Issued for comment by NCUA, the Office of the Comptroller of the Currency, FDIC, and the Federal Reserve Board in September.
- “[T]he proposed guidance would discuss the potential benefits that may accrue when a banking organization aligns its third-party risk management practices in relation to the reasonably assessed risk levels specific to each of its third-party relationships.”
- Same guidance would apply to credit unions and to banks.

FinCEN Proposed AML/CFT Rule to Modernize BSA



- FinCEN in April 2026 issued a proposed rule titled “Anti-Money Laundering and Countering the Financing of Terrorism Programs” that seeks “to fundamentally reform” AML/CFT compliance to “modernize” it and make it “more effective.”
- If finalized as proposed, this rule would:
 - Refocus compliance on effectiveness;
 - Reinforce that financial institutions are best positioned to identify and evaluate ML/TF risks;
 - Empower financial institutions to devote more attention and resources toward higher ML/TF risks;
 - Clarifies supervisory expectations related to independent testing and audit functions and other AML/CFT areas.

Current Fin CEN AML/CFT PRIORITIES

Issued 2021

- Corruption
- Cybercrime, including Cybersecurity and Virtual Currency
- Terrorist Financing (International and Domestic)
- Fraud (example: internet based – stolen card numbers)
- Transnational Criminal Organization (TCO) activity
- Drug Trafficking Organization (DTO) activity
- Human Trafficking and Human Smuggling
- Financing the proliferation of weapons of mass destruction

OFAC SANCTIONS UPDATE

- The Treasury's Office of Foreign Asset Control (OFAC) has lately been very active in terms of issuing new sanctions including in relation to entities associated with the following:
 - Cuba
 - Iran
 - Narcotics Traffickers
 - Russia
- Other recent OFAC actions:
 - Removal of Democratic Republic of the Congo sanctions.
 - Removal of Ethiopian sanctioned entities following renewal of Civil War with its Tigray region.
 - Removal of Syria from list of state sponsors of terrorism.
 - Issued General Licenses for Venezuela



CFPB UPDATE

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- **Recission of CFPB Guidance:** In May 2025, the Consumer Financial Protection Bureau (CFPB) rescinded 8 policy statements, 7 interpretive rules, 13 advisory opinions, and 39 other guidance documents, and also issued guidance prohibiting supervisors from improperly treating guidance as creating binding legal requirements.
- **April 2026 Regulation B (Equal Credit Opportunity Act (ECOA)) Final Rule:**
 - Removed the “effects test” from the regulation and affirmatively stated that ECOA does not recognize disparate-impact liability.
 - Modified the prohibition on “discouragement” to focus on statements of intent to discriminate.
 - Prohibits creditors from using race, color, national origin, or sex as common characteristics under “Special Purpose Credit Programs.”
- **May 2026 Regulation B Final Rule:**
 - Aimed at “refocusing coverage under the rule to core lenders, products, and data points.”
 - Reduced data collection requirements, including “pricing and denial-reason data” and “reference to LGBTQIA+-owned business status,” among other things.

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