



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Financial Conditions of Credit Unions, 2019: II

Issue 6, December 2019

## Welcome to 'Financial Conditions of Credit Unions' Publication – 6<sup>th</sup> Edition

Welcome to the sixth edition of the statistical information release '*Financial Conditions of Credit Unions*'. For this edition, the analysis is largely based on data over the period 30 September 2011 to 30 September 2019, in order to show an extended period of sectoral performance. We have included supplementary analysis by region and county, with a focus on the loan to asset ratio of credit unions with a community common bond (Box A). We have also provided new analysis on credit union savings incorporating responses to a questionnaire that was issued to credit unions in 2019 (Box B).

The sector's profile continues to evolve with a greater number of large size credit unions (assets of at least €100 million) and fewer small size credit unions (assets less than €40 million). At sector level, the gap between lending and savings continues to increase while income continues to decline as reflected in the lower return on assets. On the positive side, the sector continues to demonstrate a strong overall reserves position.

While the number of credit unions has fallen given ongoing restructuring, down from 406 in 2011 to 241 in 2019, credit unions continue to retain an extensive national presence, with the sector reporting a combined membership of c.3.4 million. Elevated saving growth together with lower loan growth, has resulted in a sector average loan to asset ratio of 28 per cent, down from 42 per cent in 2011. Credit unions face key financial challenges in terms of income generation and return on assets given the low interest rate environment and high cost metrics. The position varies across the sector, with a loan to asset ratio ranging from 12 per cent to 73 per cent, reflecting the commercial and competitive challenges faced by individual credit unions.

It is notable that there has been a shift in loan portfolio profile as longer-term lending trends indicate the majority of credit unions have been increasing their levels of lending greater than 5 years since 2016. There has also been a net increase in the total value of new loans advanced since 1 October 2015. In terms of credit quality, a declining trend in the average level of arrears reported by credit unions can be observed - representing a compound annual decline of 18 per cent over the 8 years to its September 2019 level of 5 per cent. While provisioning write-backs have been a feature in recent years, their non-recurring nature means that it cannot be relied upon to continue to contribute to surpluses into the future. The operational cost-income ratio (excluding provisioning and non-recurring items) has increased, from 46 per cent to 86 per cent between 2011 and 2019. Cost management should therefore continue to be an area of focus for credit unions.

Investments increased by 58 per cent between 2011 to 2019, standing currently at €12.5bn. This reflects a higher influx of savings. Average returns on investment have been in steady decline, decreasing from 3.1 per cent at 30 September 2012 to 0.9 per cent at 30 September 2019, reflecting the prevailing low interest rate environment.

The trends highlighted in our latest Financial Conditions statistical release, reflect the significant challenges that credit unions have faced over the 2011 to 2019 period, due to a changing nature of retail financial services and the low interest rate environment. Going forward, as those challenges will likely persist, credit unions need responsive strategies to sustainably meet their members' evolving needs.

Irish credit unions continue to enjoy the loyal trust of members. This trust, coupled with the sector co-operative member-centric ethos, remains a competitive difference upon which to evolve the credit union business model and meet ongoing commercial and competitive challenges.

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**Patrick Casey**  
**Registrar of Credit Unions**

**Notes:**

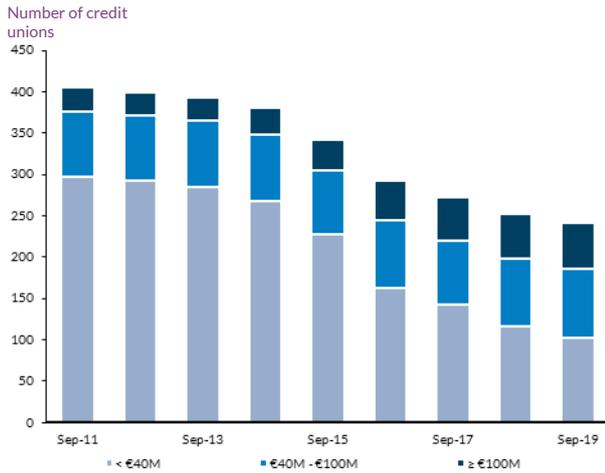
The data contained and presented in this publication is derived from data routinely submitted by credit unions to the Registry of Credit Unions. This data is sourced from the quarterly regulatory submissions and has been collated and consolidated by the Credit Institutions Analytics Team in the Risk Analysis, Data Analytics and Reporting Division of the Central Bank, in conjunction with the Registry of Credit Unions, to provide a sector-wide view of financial performance and position.

We hope that you will find this publication useful and informative. We welcome your comments or feedback including any suggestions on other financial analysis to be covered in future publications. Any feedback should be provided to [rcuanalytics@centralbank.ie](mailto:rcuanalytics@centralbank.ie).

1. Unless otherwise stated, this document refers to data available on 06 December 2019.
2. Unless otherwise stated, prudential return data is as at 30 September of the relevant year.
3. Unless otherwise stated, trends are for the period 2011 to 2019. Some trends are varied based on the relevance and availability of the data.
4. Unless otherwise stated, the aggregate credit union data refers to all credit unions operating in the Republic of Ireland.
5. The list of registered credit unions is updated monthly and available at <http://registers.centralbank.ie/>.
6. Unless otherwise stated, "≥ €100M" relates to those credit unions with total assets of €100 million or more, "€40M - €100M" relates to credit unions with total assets between €40 million and €100 million and "<€40M" relates to credit unions with total assets of under €40 million.

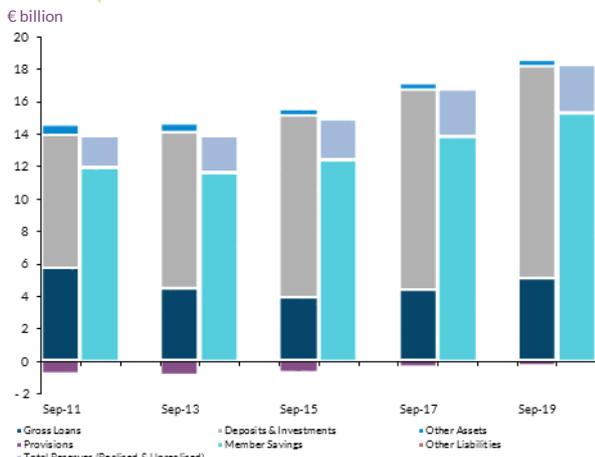
# Financial Conditions of Credit Unions

**Chart 1 | Number of credit unions by asset size**



Source: Data submitted by credit unions to RCU

**Chart 2 | Balance sheet structure**



Source: Data submitted by credit unions to RCU  
 Note: 'Deposits and Investments' includes cash & current accounts, deposit protection account, minimum reserve deposit held and total investments

**Chart 3 | Compound annual growth rate of loans and savings**



Source: Data submitted by credit unions to RCU

## 1. Sector Overview

### *“An evolving, consolidated sector”*

The credit union sector, in terms of asset size and numbers of credit unions, has changed considerably since 30 September 2011. Arising from restructuring, the number of credit unions has decreased by 165; from 406 at 30 September 2011 to 241 at 30 September 2019. The number of credit unions with assets less than €40 million has decreased by almost 200 credit unions; down from 297 at 30 September 2011 to 103 at 30 September 2019 and represents 12 per cent of total credit union assets. The number of credit unions with assets between €40 million and €100 million has remained largely unchanged over the period with 83 credit unions in this asset category at 30 September 2019, representing 29 per cent of total credit union assets. Finally, the number of credit unions with assets of at least €100 million has increased from 30 to 55, with the assets of these credit unions representing 59 per cent of total credit union assets at 30 September 2019. (Chart 1)

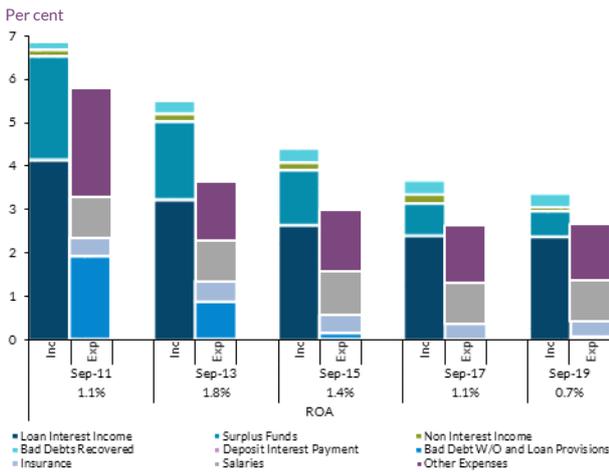
There has been growth in the total assets of the credit union sector over the 8-year period from 30 September 2011 to 30 September 2019 – increasing from €14.0 billion to €18.3 billion. Investments and deposits accounted for 60 per cent of credit union assets at 30 September 2011. The proportion of total assets in investments and deposits increased to 75 per cent at 30 September 2015 with a slight decrease to 72 per cent at 30 September 2019. There was year-on-year growth in their value throughout the period – at 30 September 2011 deposits and investments stood at €8.3 billion while at 30 September 2019 they stood at €13.2 billion. Total reserves have also increased throughout the period from €1.9 billion at 30 September 2011 to €3.0 billion at 30 September 2019. (Chart 2)

Total loans outstanding decreased from €5.7 billion at 30 September 2011 to €5.1 billion at 30 September 2019; a fall of €0.6 billion over the period. This represents a compound annual decline<sup>1</sup> of 1.4 per cent over the period. There was growth in savings over the same period with total savings increasing from €12.0 billion at 30 September 2011 to €15.3 billion at 30 September 2019 representing a compound annual growth rate of 3.0 per cent.

Following a period of decline since 2011, both total gross loans and total savings grew over the last 4 years. Gross loans outstanding increased from €4.0 billion at 30 September 2015 to €5.1 billion at 30 September 2019, while savings increased from €12.5 billion to €15.3 billion over the same period. While the compound annual growth rates have converged and both total loans outstanding and total savings have grown at a rate of c5 per cent since 30 September 2015 (albeit from

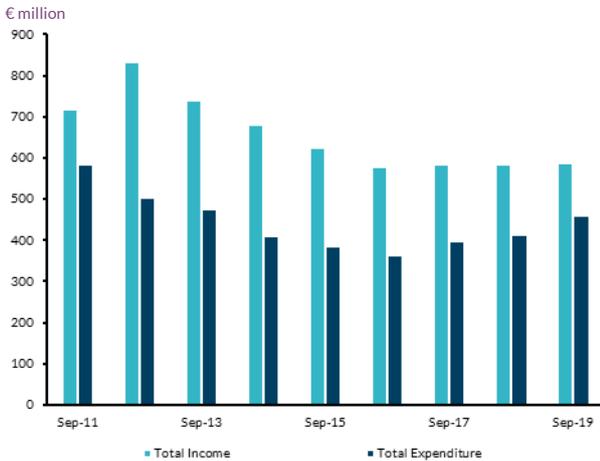
<sup>1</sup> The compound annual growth/decline is the effective annual rate of growth/decline

Chart 4 | Sector average return on assets components



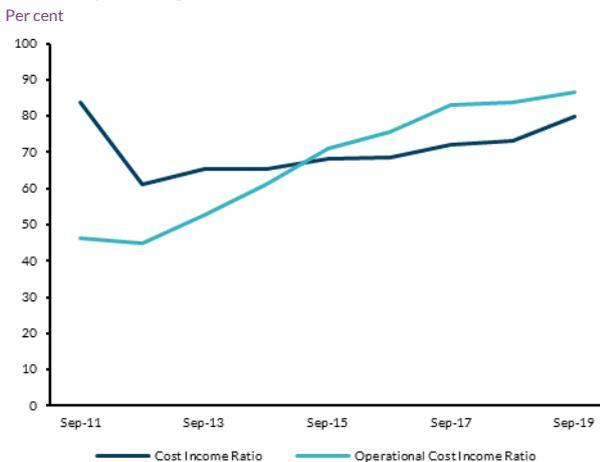
Source: Data submitted by credit unions to RCU

Chart 5 | Income and expenditure



Source: Data submitted by credit unions to RCU

Chart 6 | Average cost-income ratio



Source: Data submitted by credit unions to RCU  
 Note: Operational income includes interest income, investment income, financial support and other income (as reported by credit unions in the PR). Operational costs include net loan protection life savings insurance, salaries and related expenses, interest on borrowings, interest on deposits and other expenses (as reported in the PR).

different bases), accordingly the gap between lending and savings continue to increase. (Chart 3)

Following an increase in the average sector return on assets (ROA), from 1.1 per cent at 30 September 2011 to 1.8 per cent at 30 September 2013, ROA had declined to 0.7 per cent at 30 September 2019.

The impact of loan interest income and investment income (the principal components of credit union income) on ROA decreased from 6.5 per cent at 30 September 2011 to 3.0 per cent at 30 September 2019, reflecting the low loan to asset ratio and the low investment return environment. The impact of total credit union expenses on ROA decreased from 5.8 per cent to 2.7 per cent over the same period.

At 30 September 2011, the impact of the net provisioning effect (including in the form of releases, write-offs and bad debts recovered) was negative on ROA of 1.7 per cent. At 30 September 2015, the impact of the net provisioning effect became a positive on ROA and at 30 September 2019 represented a positive impact of 0.2 per cent on ROA. (Chart 4)

2. Income and Expenditure

**“Incremental increases in the average total cost-income ratio in the sector can be observed”**

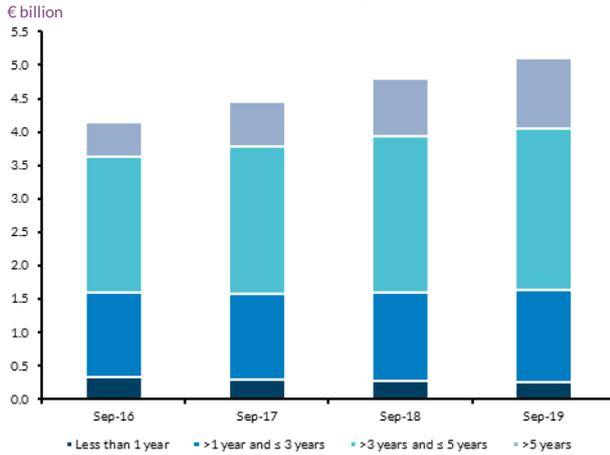
Total credit union sector annual income was €716 million for the year to 30 September 2011. Following an increase to €832 million for the year to 30 September 2012, total credit union sector annual income fell to €579 million for the year to 30 September 2016. It has remained largely unchanged since then at €588 million for the year to 30 September 2019.

Total expenditure of the sector was at its highest for the year to 30 September 2011 at €585 million. It decreased to €364 million for the year to 30 September 2014 but has since increased and was €460 million for the year to 30 September 2019. (Chart 5)

Analysing the operational cost-income ratio (which excludes loan provisioning and non-recurring items) over the period there has been an increase in this ratio, from 46 per cent at 30 September 2011 to 86 per cent at 30 September 2019. The operational cost income ratio became higher than the total cost-income ratio after 30 September 2014 as the net effect of provisioning (primarily write-backs) became positive. However, the non-operational nature of this item means that it cannot be relied upon for contributing to surpluses in the future.

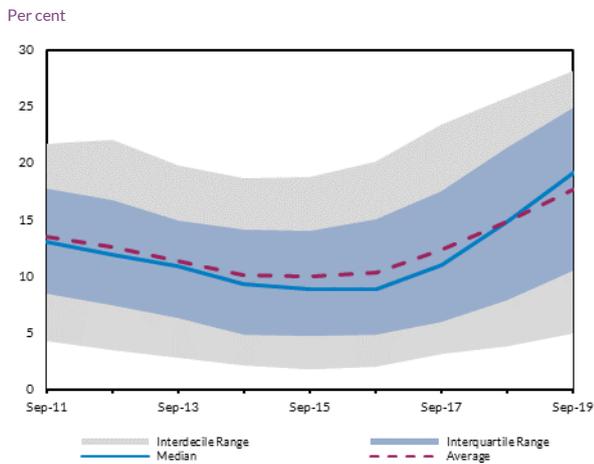
Incremental increases in the average total cost-income ratio in the sector can be observed as the gap between total sector income and total sector expenditure fell after 30 September 2012. There has been a net decrease in the total cost income ratio over the period from 84 per cent at 30 September 2011 to 80 per cent at 30 September 2019. (Chart 6)

Chart 7 | Gross loans outstanding by time to maturity



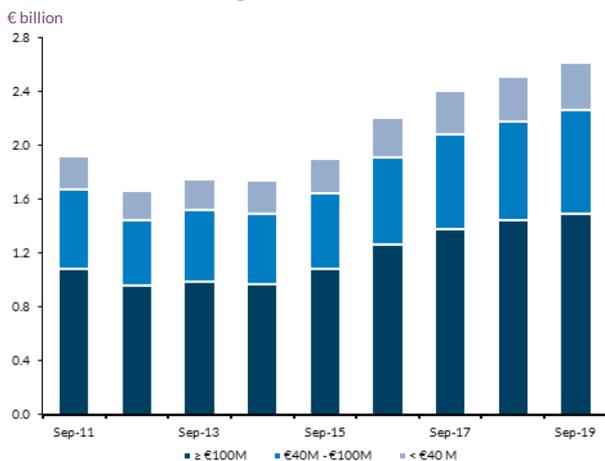
Source: Data submitted by credit unions to RCU  
 Note: Breakdown of gross loans outstanding in these maturity buckets are only available from 2016 onwards.

Chart 8 | Lending over 5 years as a % of gross loans outstanding



Source: Data submitted by credit unions to RCU  
 Note: Graph is based on those that reported lending > 5 years in their return

Chart 9 | New lending amount



Source: Data submitted by credit unions to RCU  
 Note: This graph is based on the 241 credit unions that reported for 30 September 2019 with the new loans of all transferor credit unions between September 2011 and September 2019 included in the new loans of their transferee credit unions for the purpose of calculating more accurate growth.

### 3. Lending

#### “Continued trend towards increased longer-term lending”

##### 3.1 Gross Loans Outstanding

At 30 September 2019, total credit union gross loans outstanding stood at €5.1 billion. There have been some changes in the maturity profile of total credit union gross loans, with an increase in the proportion of total lending in loans with longer durations.

The amount of gross loans with a maturity of less than three years has remained largely unchanged since 30 September 2016. There has been a decrease in total gross loans with a maturity of less than one year (from €0.34 billion at 30 September 2016 to €0.25 billion at 30 September 2019) and an increase in lending with a maturity between one and three years (from €1.27 billion to €1.38 billion over the same period).

There has also been some growth in the amount of lending with a maturity of between three and five years, increasing from €2.02 billion at 30 September 2016 to €2.43 billion at 30 September 2019. Lending with a maturity of greater than five years (longer-term lending) has increased from €0.52 billion to €1.05 billion over the same period. (Chart 7)

The analysis of longer-term lending is based on those credit unions engaged in longer-term lending at 30 September of the relevant year<sup>2</sup>. At 30 September 2019, 21 per cent of loans outstanding were in longer-term loans. Following a period of decline, the average level of longer-term lending is higher at 30 September 2019 at 18 per cent, compared with 13 per cent at 30 September 2011. The median level of longer-term lending was 13 per cent at 30 September 2011. This has increased to 19 per cent at 30 September 2019.

The trend in longer-term lending indicates the majority of credit unions are increasing their levels of lending greater than 5 years since 2016. The interdecile range of the level of longer-term lending for 80 per cent of credit unions between the 10<sup>th</sup> and the 90<sup>th</sup> percentile<sup>3</sup> increased after 30 September 2016. At 30 September 2019, 80 per cent of credit unions reported longer-term lending between 5 per cent and 28 per cent of their total gross loans, with 50 per cent of credit unions between the 25<sup>th</sup> and 75<sup>th</sup> percentile (interquartile range)<sup>4</sup> reporting longer-term lending of between 11 per cent and 25 per cent of their total gross loans. (Chart 8)

##### 3.2 New Lending

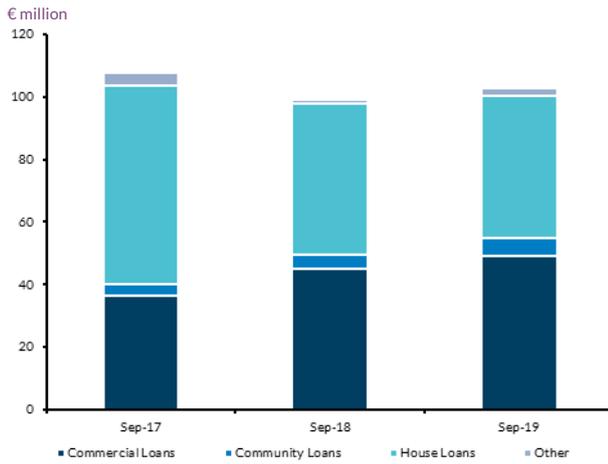
There has been a net increase in the total value of new loans advanced over the period, increasing from €1.92 billion at 30 September 2011 to €2.61 billion at 30 September 2019. Analysing this increase by credit union asset category, following a period of decline in the total value of new loans issued across all asset categories prior to 30 September 2015, new lending

<sup>2</sup> The numbers reporting engagement in longer term lending annually from Sep 2011 to Sep 2019 were 400, 390, 378, 363, 328, 279, 262, 247, and 239 respectively.

<sup>3</sup> The 10<sup>th</sup> percentile is the level below which 10 per cent of credit unions lie and the 90<sup>th</sup> percentile is the level below which 90 per cent of credit unions lie.

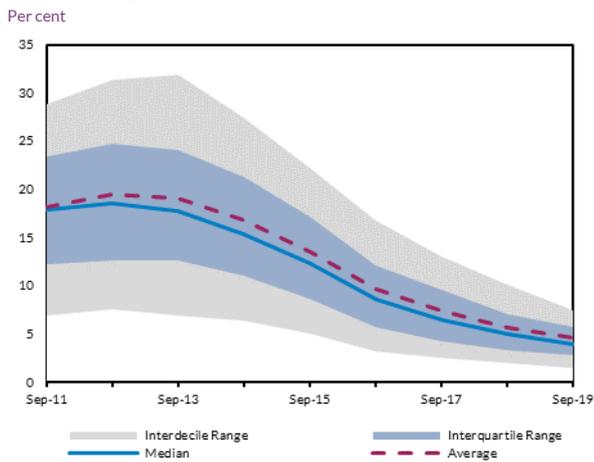
<sup>4</sup> The 25<sup>th</sup> percentile is the level below which 1 quarter of credit unions lie and the 75<sup>th</sup> percentile is the level below which 3 quarters of credit unions lie.

**Chart 10 | New lending by category (excluding personal lending)**



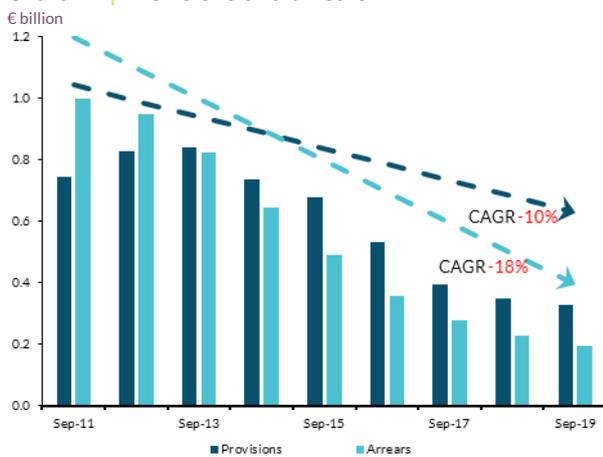
Source: Data submitted by credit unions to RCU  
 Note: Credit unions began reporting loans by category in 2016. As this was the first year to report, there was an element of misreporting. Data from 2017 onwards is more accurate.  
 Note: Personal loans accounted for 96% of total loans at 30 September 2017, 2018 and 2019.

**Chart 11 | Arrears > 9 weeks as a % of gross loans outstanding**



Source: Data submitted by credit unions to RCU

**Chart 12 | Provisions and arrears**



Source: Data submitted by credit unions to RCU

growth was observed in credit unions across each of the three asset categories after 30 September 2015. Credit unions with assets of less than €40 million experienced a rate of growth in the total value of their new loans advanced of 37 per cent; increasing from €0.25 billion at 30 September 2011 to €0.35 billion at 30 September 2019. The total value of new loans issued by credit unions with assets between €40 million and €100 million increased by 33 per cent from €0.58 billion to €0.78 billion over the same period. New loans issued by credit unions with total assets of at least €100 million increased by 38 per cent over the period from €1.09 billion at 30 September 2011 to, €1.49 billion at 30 September 2019. (Chart 9)

At 30 September 2019, 96 per cent of loans advanced for the year across the sector were personal loans. At 30 September 2017, 2.6 per cent of new loans advanced (€63.2 million) were reported as house loans. This decreased to 1.7 per cent of new loans advanced (€45.3 million) at 30 September 2019. The proportion of new loans advanced reported as commercial loans increased from 1.5 per cent (€36.3 million) to 1.9 per cent (€49.0 million) over the same period. The proportion of new loans advanced reported as community loans has remained unchanged over the period. (Chart 10)

### 3.3 Credit Quality

A continued declining trend in the level of arrears reported by credit unions can be observed, which is an indicator of improvement in credit quality. The sector average rate of arrears has fallen from 18 per cent at 30 September 2011 to 5 per cent at 30 September 2019.

The range of reported arrears has also decreased significantly over the period. At 30 September 2011, 80 per cent of credit unions between the 10<sup>th</sup> and the 90<sup>th</sup> percentile reported arrears of between 7 per cent and 29 per cent of their total gross loans, while 50 per cent of credit unions reported arrears of more than 18 per cent of their total gross loans. At 30 September 2019, 80 per cent of credit unions reported arrears between 2 per cent and 7 per cent of their total gross loans with 50 per cent of credit unions reporting arrears above 4 per cent of their total gross loans. (Chart 11)

Total arrears reported declined year-on-year since 30 September 2011, from €996 million at 30 September 2011 to €196 million at 30 September 2019, representing a compound annual decline of 18 per cent. There was an increase in the amount of total sector provisions from 30 September 2011 to 30 September 2013 at a time when the total sector arrears exceeded the total sector provisions. Provisions decreased over the period, from €743 million at 30 September 2011 to €329 million at 30 September 2019, representing a compound annual decline of 10 per cent. While provisions have decreased in the sector over the period, they have decreased at a slower rate than arrears. (Chart 12)

### Box A: Regional Analysis – Focus on Loan to Asset Ratio of Credit Unions with a ‘Community’ Common Bond<sup>1</sup>

The credit union landscape has evolved in recent years and, as at 30 September 2019, there were 221 credit unions trading in Ireland with a community common bond. 97 credit unions have assets of less than €40 million and make up the highest proportion of community credit unions (44 per cent). 77 credit unions have assets of between €40 million and €100 million and make up 35 per cent of community credit unions. 46 credit unions have assets of at least €100 million making up 21 per cent of community credit unions. There are **three counties (Dublin, Cork, and Galway)** where five or more credit unions have assets of at least €100 million. There are **10 counties** where one credit union has assets of at least €100 million and **6 counties** where no credit unions have assets of at least €100 million. **16 of the 26 counties** are represented by a credit union from at least one of each of the asset size cohorts. In **Leitrim** and **Roscommon** all credit unions have assets of less than €40 million. In **Westmeath** and **Wicklow** all credit unions have assets greater than €40 million. (Chart A).

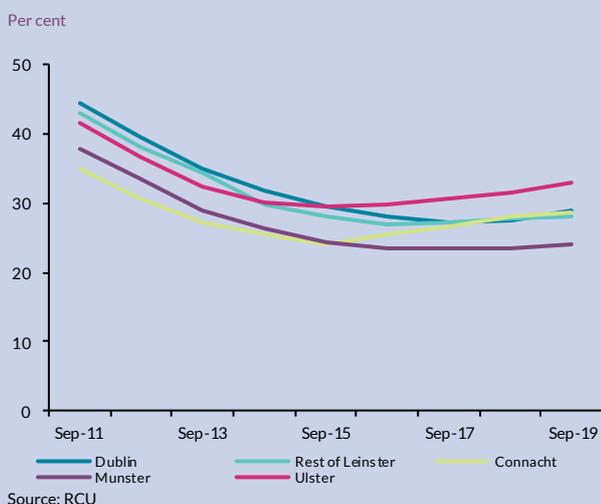
Chart A: Number of Credit Unions by Asset Size



Source: RCU

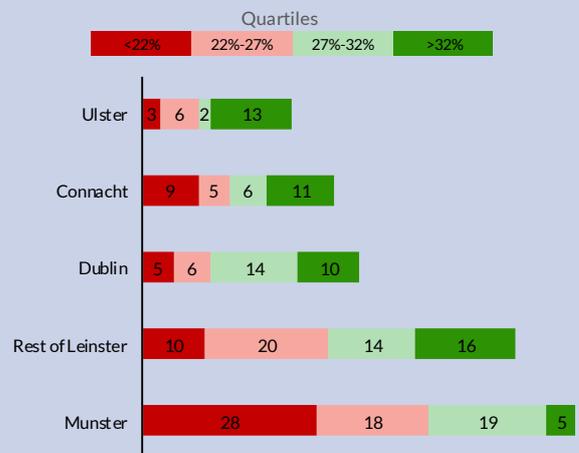
Average loan to asset ratio has experienced a decrease across all regions since 2011. Regional growth in the average loan to asset ratio has been observed across all regions since 2017. At 30 September 2019, credit unions in **Ulster** reported the highest average loan to asset ratio at 33 per cent, down from 42 per cent in 2011 while in **Munster**, credit unions have reported the lowest average loan to asset ratio at 24 per cent, down from 38 per cent in 2011. Credit unions in the **Connacht** region recorded the smallest decline over the period of 6 percentage points, down from 35 per cent in 2011 to 29 per cent in 2019. The **Dublin** region and the **Rest of Leinster** region have experienced the largest decline over the period of 15 percentage points, down from 44 per cent (Dublin) and 43 per cent (Rest of Leinster) in 2011 to 29 per cent (Dublin) and 28 per cent (Rest of Leinster) in 2019. (Chart B).

Chart B: LTA Trends by Region



Source: RCU

Chart C: Number of Credit Unions by LTA Quartile



Source: RCU

<sup>1</sup>As per section 6(3) of the Credit Union Act 1997, Community Common Bond - Admission to membership of a credit union is restricted to persons residing or being employed in a particular locality.

The national median loan to asset ratio (where the number of credit unions above this rate is exactly the same as the number of credit unions below this rate) for all credit unions with a community common bond was 27 per cent at 30 September 2019. In 3 regions, **more** credit unions reported a loan to asset ratio **above the national median** than below: **Ulster** (15 out of 24 credit unions), **Connacht** (17 out of 31 credit unions) and **Dublin** (24 out of 35 credit unions). The **same** number of credit unions reported a loan to asset ratio above the national median (30 credit unions) as below (30 credit unions) in the 'Rest of Leinster' region. More credit unions reported a loan to asset ratio **below** the national median in the **Munster** region (46 out of 70 credit unions).

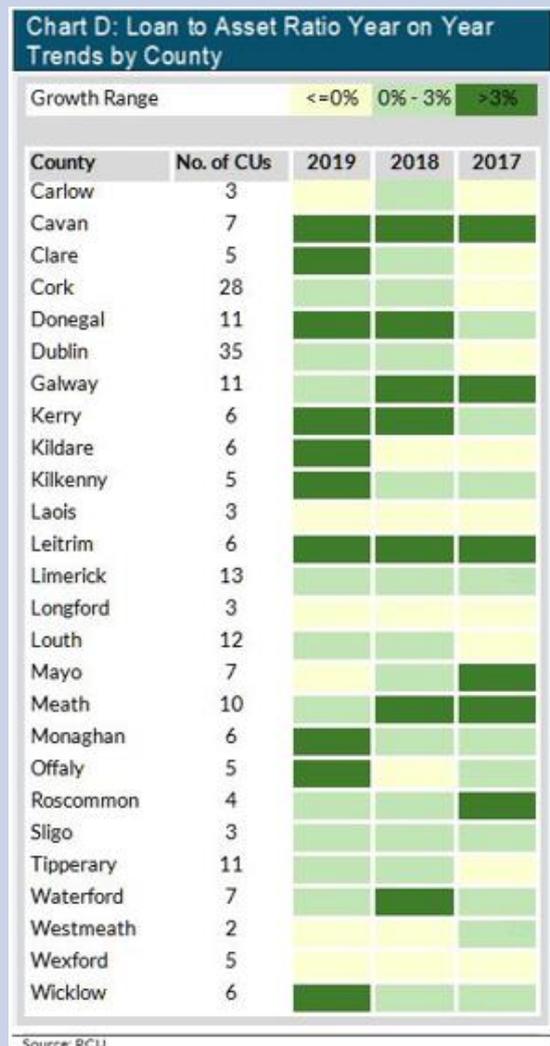
For the total community credit union sector, the lowest quartile (the number below which one quarter of the total population of community credit unions lie) stood at 22 per cent at 30 September 2019 while the highest quartile (the number above which one quarter of the total population of community credit unions lie) stood at 32 per cent at 30 September 2019. In the **Munster** region, 28 out of 70 credit unions reported a loan to asset ratio in the lowest quartile while 5 out of 70 credit unions reported a loan to asset ratio in the highest quartile. In the **Ulster** region, 3 out of 24 credit unions reported a loan to asset ratio in the lowest quartile while 13 out of 24 credit unions reported a loan to asset ratio in the highest quartile. In the **Connacht** region, 9 out of 31 credit unions reported a loan to asset ratio in the lowest quartile while 11 out of 31 credit unions reported a loan to asset ratio in the highest quartile. In the Dublin region, 5 out of 35 credit unions reported a loan to asset ratio in the lowest quartile while 10 out of 35 credit unions reported a loan to asset ratio in the highest quartile. In the 'Rest of Leinster' region, 10 out of 60 credit unions reported a loan to asset ratio in the lowest quartile while 16 out of 60 credit unions reported a loan to asset ratio in the highest quartile. (Chart C).

Analysing the average year on year movement of the loan to asset ratio by county, for each of the three years 2017, 2018 and 2019, growth in the average loan to asset ratio was experienced in **22 counties** in one or more of these years.

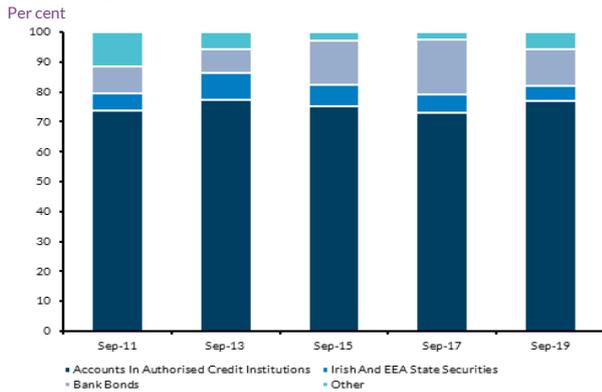
**13 counties** experienced growth in the average loan to asset ratio in each of these three years 2017, 2018 and 2019. All regions except the **Dublin** region are represented in this level of growth. **Cavan** and **Leitrim** experienced a year on year growth in their average loan to asset ratio in excess of three per cent in each of these years.

**13 counties** experienced a decline in the average loan to asset ratio in one or more of the years 2017, 2018 and 2019. All regions except the **Ulster** region are represented in this level of decline. **Laois**, **Longford** and **Wexford** experienced a decline in the average loan to asset ratio in each of the three years 2017, 2018 and 2019.

**10 counties** experienced growth in the average loan to asset ratio in excess of 3% in 2019 while **6 counties** experienced a decline in the average loan to asset ratio in 2019. **7 counties** experienced growth in the average loan to asset ratio in excess of 3% in 2018 while **6 counties** experienced a decline in the average loan to asset ratio in 2018. **7 counties** experienced growth in the average loan to asset ratio in excess of 3% in 2017 while **10 counties** experienced a decline in the average loan to asset ratio in 2017. (Chart D).

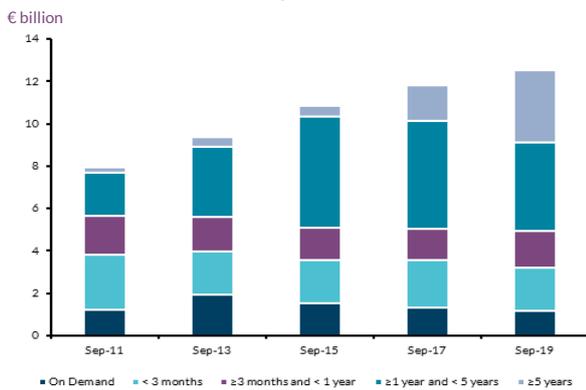


**Chart 13 | Composition of credit union investments**



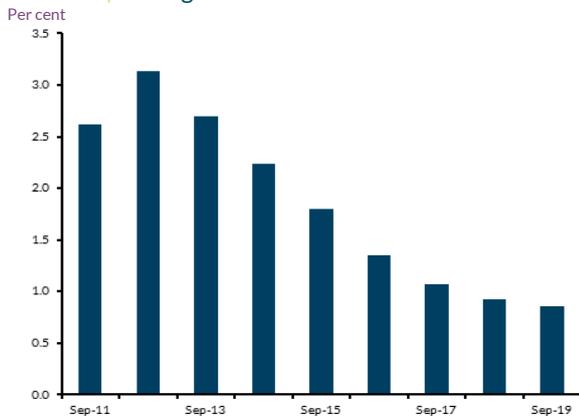
Source: Data submitted by credit unions to RCU  
 Note: From March-18 onwards credit unions report supranational bonds with Irish and EEA State Securities  
 Note: Other incorporates all other investments reported by credit unions in the PR

**Chart 14 | Investments by duration**



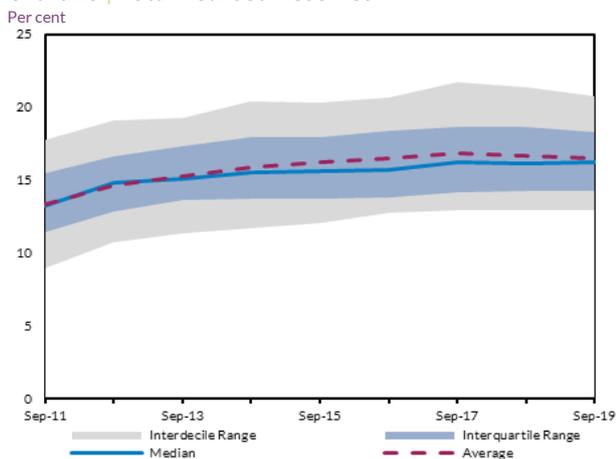
Source: Data submitted by credit unions to RCU

**Chart 15 | Average return on investments**



Source: Data submitted by credit unions to RCU

**Chart 16 | Total Realised Reserves**



Source: Data submitted by credit unions to RCU

**4. Investments**

**“Signs of continued change in the profile of investments”**

Accounts in authorised credit institutions remain the primary component of credit union investments, accounting for more than 70 per cent of investments throughout the period (77 per cent at 30 September 2019). (Chart 13)

The total value of credit union investments has increased year-on-year over the period, from €7.9 billion at 30 September 2011 to €12.5 billion at 30 September 2019. The amount of investments with maturity less than one year have remained broadly the same throughout the period with the total value of investments less than one year (on demand, less than three months, three months to one year) standing at €4.9 billion at 30 September 2019. Following a period of growth to 30 September 2016, there has been a decrease in the value of total credit union investments with a maturity of between one and five years – decreasing from €5.5 billion at 30 September 2016 to €4.2 billion at 30 September 2019. A trend towards more investments with a longer maturity can be observed with the amount of investments with a maturity of greater than 5 years increasing from €0.3 billion at 30 September 2011 to €3.4 billion at 30 September 2019. (Chart 14)

Average return on investments increased from 30 September 2011 to 30 September 2012, and since then there has been a steady decline in the average return on investments – decreasing from 3.1 per cent at 30 September 2012 to 0.9 per cent at 30 September 2019, reflecting the prevailing low interest rate environment. (Chart 15)

**5. Reserves**

**“Reserves strong in the sector over the period”**

The spread of total realised reserves (TRR) has remained largely the same throughout the period. The sector average and median have been broadly in line with each other and have experienced an increase over the period – with an increase in the average TRR from 13.3 per cent at 30 September 2011 to 16.5 per cent at 30 September 2019 (compared to the minimum regulatory requirement of 10 per cent) and an increase in the median from 13.2 per cent to 16.2 per cent over the same period.

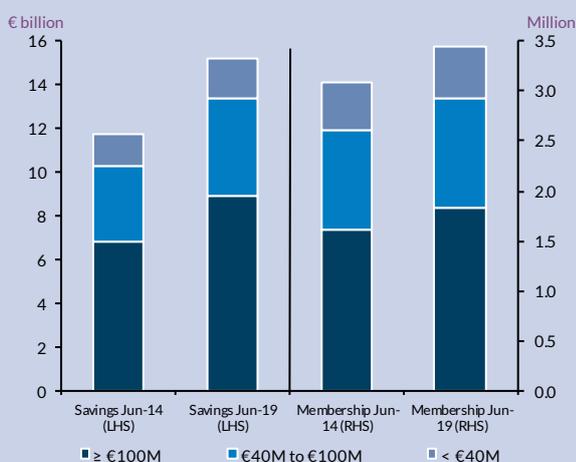
From 30 September 2012 onwards, the 10<sup>th</sup> percentile has been above the 10 per cent minimum regulatory reserve requirement – with 90 per cent of credit unions reporting higher than 12.9 per cent at 30 September 2019. (Chart 16)

4 credit unions reported TRR below the 10 per cent minimum regulatory requirement – 3 of which were below 7.5 per cent.

## Box B: Savings Analysis

The data contained and presented in this section is derived from Prudential Return data over the 5-year period from 30 June 2014 to 30 June 2019 and from data provided in responses to a Questionnaire issued in February 2019 by the Registry of Credit Unions<sup>1</sup>.

**Chart A | Savings and Membership**



Source: PR Data submitted to RCU  
 Note: This graph is based on the 245 credit unions that reported for 30 June 2019 with the savings and membership of all transferee credit unions between June 2014 and Jun 2019 included in the savings and membership of their transferee credit unions for the purpose of calculating more accurate growth.

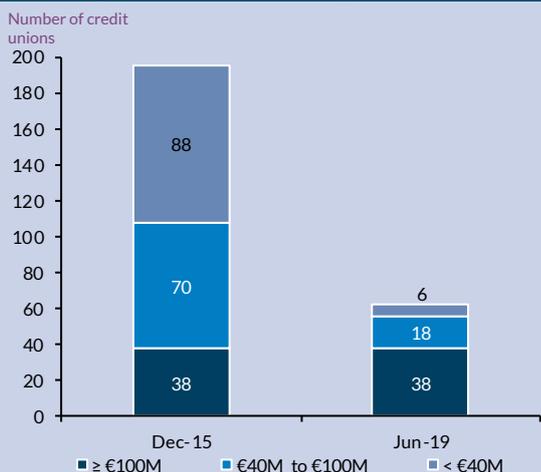
Total sector member savings have increased from €11.8 billion at 30 June 2014 to €15.2 billion at 30 June 2019. Over the same period there has been an increase of over 350,000 in the total sector membership with credit unions reporting 3.4 million members at 30 June 2019. The average savings per member at 30 June 2019 is c. €4,415.

### Savings and Membership

The amount of savings held in credit unions with assets of at least €100 million increased by €2.1 billion – up from €6.8 billion at 30 June 2014 to €8.9 billion at 30 June 2019. The total membership in these credit unions also increased over the period by c.210,000 members and stands at 1.8 million members at 30 June 2019.

There has also been growth in the membership and total savings held in smaller credit unions. Over the period, membership has increased by c.104,000 members in credit unions with assets between €40 million and €100 million and has increased by c.40,000 in credit unions with assets less than €40 million. The savings with these credit unions also increased over the period – from €3.5 billion to €4.5 billion for credit unions with assets between €40 million and €100 million and from €1.5 billion to €1.8 billion for credit unions with assets less than €40 million (Chart A).

**Chart B | Total Exposure Savings > €100,000**



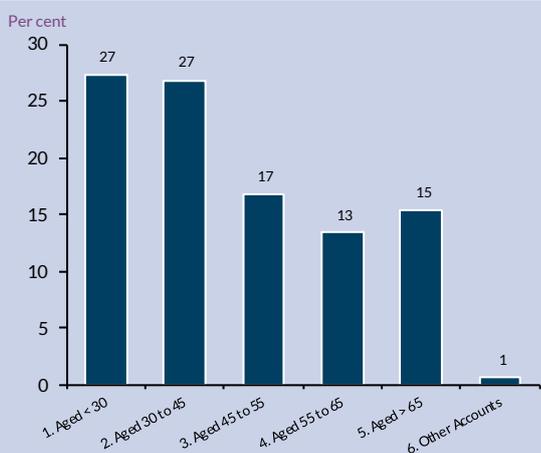
Source: PR Data submitted to RCU  
 Note: 3 credit unions have been excluded for misreporting  
 Note: Following the introduction of the new regulations on 1 Jan 2016, credit unions require approval from the Central Bank to hold savings > €100,000. This graph analyses savings > €100,000 before and after the introduction of the regulations.

### Total Exposures to Savings Over €100,000 per Member

Credit unions are permitted to hold savings of €100,000 per member. Following the introduction of the €100,000 individual member savings limit regulation in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016, the sectoral exposure to savings over €100,000 has reduced significantly – down from €165 million reported by 196 credit unions at 31 December 2015, to €57.8 million reported by 62 credit unions at 30 June 2019.<sup>2</sup>

38 credit unions with assets of at least €100 million reported €54.9 million in savings above €100,000 per member. 18 credit unions with assets between €40 million and €100 million reported €2.8 million in savings above €100,000 per member. 6 credit unions with assets of less than €40 million reported €0.2 million in savings above €100,000 per member (Chart B).

**Chart C | Age Profile of Savers**



Source: Questionnaire Data submitted to RCU

### Age Profile of Savers

Data was provided in 211 responses to the question relating to details on the age profile of credit union savers as at 30 September 2018.

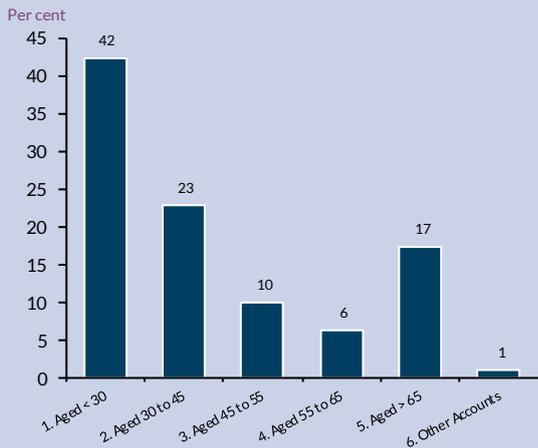
27 per cent of sector member savers were aged less than 30 years with 27 per cent aged between 30 years and 45 years. 45 per cent of members were aged over 45 years with 15 per cent of members aged over 65 years (Chart C).

This age distribution of membership is largely replicated across the three asset buckets. However, smaller credit unions reported a slightly higher proportion of savers in the less than 30 year age bracket at 29 per cent.

<sup>1</sup> A questionnaire was issued to all credit unions in February 2019 to gather additional data on credit union investments and savings.

<sup>2</sup> Credit unions with assets of at least €100 million may seek approval from the Central Bank to accept individual member savings greater than €100,000 and credit unions where individual members' savings exceeded €100,000 on commencement of the regulations were allowed to apply to the Central Bank for approval to continue to retain these savings.

### Chart D | Age Profile of New Savers



Source: Questionnaire Data submitted to RCU

Data provided in response to the Questionnaire also demonstrates a correlation between age and scale of savings held. 65 per cent of savings held by members in the less than 30 years of age bracket were less than €10,000 while the corresponding percentages for the over 65 years of age bracket and 55 years to 65 years bracket were 19 per cent and 27 per cent respectively.

#### Age Profile of New Member Savers

Responses to the Questionnaire showed that the age profile of new savers (member savers who have joined a credit union since 1 January 2016) is more heavily weighted towards younger members, with 42% of new member savers aged less than 30 years (Chart D).

This trend is more pronounced in medium and larger credit unions. For credit unions with assets of at least €100 million, 48 per cent of new member savers were aged less than 30, and for credit unions with assets between €40 million and €100 million, 50 per cent of new member savers were aged less than 30. For credit unions with assets of less than €40 million, 26 per cent of new member savers were aged less than 30.

Savings from new member savers are more heavily weighted towards smaller scale savings with 44 per cent of new member savings below €10k compared to 33per cent for all member savings.

### Chart E | Average Savings Caps by Asset Band



Source: Questionnaire Data submitted to RCU.

#### Savings Caps

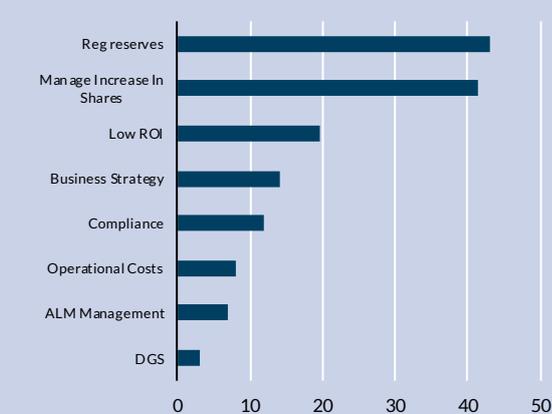
The Questionnaire included a number of questions relating to savings caps (where a credit union has limited the amount of savings they take in from an individual member). Of the 212 credit unions who answered the question on whether they had a savings cap in place, 70 per cent indicated that they did. A higher percentage of credit unions in the less than €40 million asset category indicated they had a savings cap in place - with 79 per cent of credit unions in this asset category indicating they had a savings cap compared with 65 per cent of credit unions with assets of at least €100 million and 61 per cent of credit unions with assets between €40 million and €100million.

The average savings cap amount across respondents was c.€49k. The average savings cap amount is higher for credit unions with assets of at least €100 million, with an average savings cap amount of c.€58k. The average savings cap for credit unions with assets of less than €40 million was c.€44k (Chart E).

Of the 70 per cent who indicated that they had introduced a savings cap, 46 per cent indicated that the savings cap was introduced after January 2016 while 54 per cent indicated that the savings cap was introduced before January 2016.

45 per cent of savings caps apply to new savings only with 55 per cent of savings caps applying retrospectively.

### Chart F | Rationales for Savings Caps



Source: Questionnaire Data submitted to RCU

The Questionnaire also sought information on rationales for savings caps. Credit unions provided a broad range of rationales for the introduction of savings caps with the impact on regulatory reserves and managing the increase in savings the most common rationales provided (Chart F). A number of credit unions indicated that they had introduced a savings cap to ensure compliance with the individual member savings limit contained in the 2016 Regulations.

## Appendix | 2011 to 2019 Credit Union Sector Data Tables

Sep-19				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>103</b>	<b>83</b>	<b>55</b>	<b>241</b>
Average Surplus / Deficit	€0.14M	€0.52M	€1.29M	€0.53M
Total Surplus / Deficit	€14.85M	€43.11M	€70.79M	€128.75M
Average Assets	€21.58M	€64.64M	€195.27M	€76.05M
Total Assets	€2.22BN	€5.37BN	€10.74BN	€18.33BN
Total Loans	€0.64BN	€1.48BN	€2.99BN	€5.11BN
Total Investments	€1.45BN	€3.69BN	€7.39BN	€12.53BN
Total Savings	€1.84BN	€4.44BN	€8.99BN	€15.27BN
Total Reserves	€0.37BN	€0.90BN	€1.71BN	€2.98BN
Average ROA	0.62%	0.83%	0.65%	0.70%
Average Liquidity	39.64%	34.86%	34.16%	36.74%
Average Arrears > 9 weeks	5.44%	3.97%	3.89%	4.58%
Average Realised Reserves	16.57%	16.76%	16.00%	16.50%
Lending > 5 Years	14.43%	18.48%	21.78%	17.50%
Lending > 10 Years	1.46%	2.55%	5.38%	2.73%
Average Loan	€6,615	€6,937	€7,905	€7,424
Average New Loan	€4,243	€4,272	€4,700	€4,502
Average Savings per Member	€3,615	€4,041	€4,897	€4,434

Sep-18				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>117</b>	<b>81</b>	<b>54</b>	<b>252</b>
Average Surplus / Deficit	€0.20M	€0.65M	€1.77M	€0.68M
Total Surplus / Deficit	€22.85M	€52.39M	€95.59M	€170.84M
Average Assets	€21.09M	€63.49M	€185.15M	€69.88M
Total Assets	€2.47BN	€5.14BN	€10.00BN	€17.61BN
Total Loans	€0.70BN	€1.36BN	€2.73BN	€4.79BN
Total Investments	€1.65BN	€3.62BN	€6.97BN	€12.24BN
Total Savings	€2.05BN	€4.24BN	€8.34BN	€14.63BN
Total Reserves	€0.41BN	€0.88BN	€1.61BN	€2.91BN
Average ROA	0.92%	1.04%	0.95%	0.96%
Average Liquidity	40.96%	33.89%	34.49%	37.30%
Average Arrears > 9 weeks	6.45%	5.05%	4.81%	5.65%
Average Realised Reserves	16.78%	17.02%	16.17%	16.72%
Lending > 5 Years	11.93%	15.38%	19.21%	14.60%
Lending > 10 Years	1.40%	2.02%	4.66%	2.30%
Average Loan	€6,362	€6,566	€7,549	€7,057
Average New Loan	€4,054	€3,996	€4,494	€4,269
Average Savings per Member	€3,561	€4,010	€4,777	€4,330

Sep-17				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>142</b>	<b>78</b>	<b>53</b>	<b>273</b>
Average Surplus / Deficit	€0.20M	€0.70M	€1.94M	€0.68M
Total Surplus / Deficit	€27.97M	€54.52M	€102.62M	€185.11M
Average Assets	€19.73M	€61.66M	€173.05M	€61.47M
Total Assets	€2.80BN	€4.81BN	€9.17BN	€16.78BN
Total Loans	€0.78BN	€1.24BN	€2.43BN	€4.46BN
Total Investments	€1.88BN	€3.42BN	€6.50BN	€11.81BN
Total Savings	€2.32BN	€3.96BN	€7.63BN	€13.92BN
Total Reserves	€0.47BN	€0.83BN	€1.50BN	€2.80BN
Average ROA	1.02%	1.15%	1.07%	1.07%
Average Liquidity	41.07%	32.29%	31.09%	36.62%
Average Arrears > 9 weeks	8.36%	6.42%	6.31%	7.41%
Average Realised Reserves	16.92%	17.16%	16.21%	16.85%
Lending > 5 Years	9.74%	12.91%	16.17%	11.89%
Lending > 10 Years	1.28%	1.67%	4.00%	1.92%
Average Loan	€6,022	€6,263	€7,198	€6,691
Average New Loan	€3,738	€3,740	€4,263	€4,004
Average Savings per Member	€3,474	€3,900	€4,680	€4,198

Sep-16				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>163</b>	<b>81</b>	<b>48</b>	<b>292</b>
Average Surplus / Deficit	€0.22M	€0.77M	€2.44M	€0.73M
Total Surplus / Deficit	€35.38M	€62.05M	€116.93M	€214.37M
Average Assets	€18.45M	€60.57M	€167.56M	€54.65M
Total Assets	€3.01BN	€4.91BN	€8.04BN	€15.96BN
Total Loans	€0.87BN	€1.24BN	€2.04BN	€4.15BN
Total Investments	€2.04BN	€3.58BN	€5.81BN	€11.43BN
Total Savings	€2.51BN	€4.08BN	€6.69BN	€13.29BN
Total Reserves	€0.48BN	€0.80BN	€1.32BN	€2.60BN
Average ROA	1.04%	1.24%	1.43%	1.16%
Average Liquidity	39.30%	32.03%	30.64%	35.85%
Average Arrears > 9 weeks	10.30%	9.39%	8.20%	9.70%
Average Realised Reserves	16.64%	16.31%	16.27%	16.49%
Lending > 5 Years	8.37%	10.50%	13.97%	9.88%
Lending > 10 Years	1.08%	1.74%	3.06%	1.59%
Average Loan	€5,963	€5,981	€6,988	€6,432
Average New Loan	€3,515	€3,515	€4,068	€3,765
Average Savings per Member	€3,364	€3,688	€4,738	€4,068

Sep-15				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>227</b>	<b>78</b>	<b>37</b>	<b>342</b>
Average Surplus / Deficit	€0.25M	€0.99M	€2.93M	€0.71M
Total Surplus / Deficit	€56.01M	€77.45M	€108.24M	€241.70M
Average Assets	€17.26M	€63.23M	€165.08M	€43.74M
Total Assets	€3.92BN	€4.93BN	€6.11BN	€14.96BN
Total Loans	€1.12BN	€1.23BN	€1.61BN	€3.95BN
Total Investments	€2.73BN	€3.65BN	€4.44BN	€10.82BN
Total Savings	€3.28BN	€4.11BN	€5.09BN	€12.49BN
Total Reserves	€0.62BN	€0.80BN	€0.99BN	€2.42BN
Average ROA	1.31%	1.50%	1.80%	1.40%
Average Liquidity	44.40%	35.39%	34.76%	41.27%
Average Arrears > 9 weeks	13.81%	13.54%	11.86%	13.54%
Average Realised Reserves	16.32%	15.99%	16.02%	16.21%
Lending > 5 Years	8.72%	10.27%	13.27%	9.56%
Lending > 10 Years	1.28%	2.20%	2.67%	1.64%
Average Loan	€5,773	€5,857	€7,090	€6,275
Average New Loan	€3,228	€3,243	€3,767	€3,430
Average Savings per Member	€3,215	€3,680	€4,976	€3,949

Sep-14				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>268</b>	<b>81</b>	<b>31</b>	<b>380</b>
Average Surplus / Deficit	€0.26M	€1.19M	€3.28M	€0.71M
Total Surplus / Deficit	€70.99M	€96.46M	€101.78M	€269.23M
Average Assets	€16.17M	€60.39M	€161.39M	€37.45M
Total Assets	€4.33BN	€4.89BN	€5.00BN	€14.23BN
Total Loans	€1.30BN	€1.35BN	€1.40BN	€4.05BN
Total Investments	€2.95BN	€3.54BN	€3.58BN	€10.07BN
Total Savings	€3.65BN	€4.07BN	€4.16BN	€11.88BN
Total Reserves	€0.67BN	€0.80BN	€0.82BN	€2.29BN
Average ROA	1.60%	1.94%	1.97%	1.71%
Average Liquidity	50.27%	37.48%	35.67%	46.33%
Average Arrears > 9 weeks	17.03%	17.30%	14.57%	16.88%
Average Realised Reserves	15.86%	16.07%	16.10%	15.93%
Lending > 5 Years	8.88%	10.58%	13.52%	9.62%
Lending > 10 Years	1.31%	2.20%	2.91%	1.63%
Average Loan	€5,790	€6,039	€7,270	€6,322
Average New Loan	€2,973	€3,009	€3,367	€3,105
Average Savings per Member	€3,141	€3,592	€5,058	€3,810

Sep-13				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>285</b>	<b>80</b>	<b>28</b>	<b>393</b>
Average Surplus / Deficit	€0.30M	€1.04M	€3.40M	€0.67M
Total Surplus / Deficit	€85.09M	€83.50M	€95.18M	€263.77M
Average Assets	€16.16M	€60.63M	€159.94M	€35.46M
Total Assets	€4.61BN	€4.85BN	€4.48BN	€13.94BN
Total Loans	€1.50BN	€1.59BN	€1.39BN	€4.48BN
Total Investments	€3.01BN	€3.29BN	€3.06BN	€9.36BN
Total Savings	€3.89BN	€4.08BN	€3.74BN	€11.71BN
Total Reserves	€0.70BN	€0.75BN	€0.72BN	€2.17BN
Average ROA	1.86%	1.72%	2.01%	1.85%
Average Liquidity	49.90%	40.82%	42.95%	47.56%
Average Arrears > 9 weeks	19.34%	19.48%	16.26%	19.15%
Average Realised Reserves	15.22%	15.24%	15.71%	15.26%
Lending > 5 Years	10.21%	11.91%	14.70%	10.88%
Lending > 10 Years	1.60%	2.54%	2.67%	1.87%
Average Loan	€5,983	€6,561	€7,682	€6,646
Average New Loan	€2,886	€2,760	€3,420	€2,984
Average Savings per Member	€3,136	€3,522	€5,177	€3,752

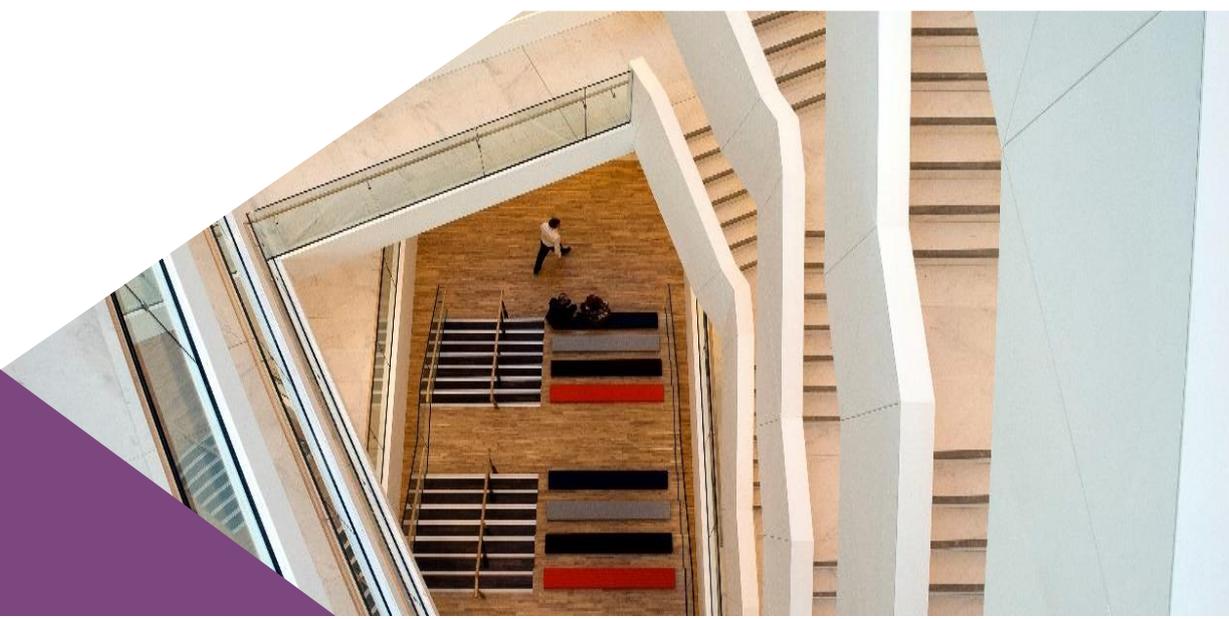
  

Sep-12				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>292</b>	<b>80</b>	<b>27</b>	<b>399</b>
Average Surplus / Deficit	€0.35M	€1.40M	€4.17M	€0.82M
Total Surplus / Deficit	€101.61M	€112.38M	€112.70M	€326.70M
Average Assets	€15.70M	€60.39M	€159.23M	€34.37M
Total Assets	€4.58BN	€4.83BN	€4.30BN	€13.71BN
Total Loans	€1.71BN	€1.69BN	€1.61BN	€5.01BN
Total Investments	€2.81BN	€3.13BN	€2.68BN	€8.62BN
Total Savings	€3.91BN	€4.08BN	€3.62BN	€11.61BN
Total Reserves	€0.66BN	€0.73BN	€0.67BN	€2.06BN
Average ROA	2.32%	2.34%	2.53%	2.33%
Average Liquidity	47.23%	38.12%	38.23%	44.78%
Average Arrears > 9 weeks	19.65%	20.23%	16.51%	19.56%
Average Realised Reserves	14.58%	14.73%	15.18%	14.65%
Lending > 5 Years	11.70%	13.34%	15.82%	12.31%
Lending > 10 Years	1.78%	2.68%	2.74%	2.03%
Average Loan	€6,423	€6,700	€8,602	€7,101
Average New Loan	€2,766	€2,646	€2,996	€2,785
Average Savings per Member	€3,141	€3,556	€5,190	€3,758

Sep-11				
	Asset Bucket			Total Sector
	< €40M	€40M - €100M	≥ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>297</b>	<b>79</b>	<b>30</b>	<b>406</b>
Average Surplus / Deficit	€0.11M	€0.38M	€2.24M	€0.32M
Total Surplus / Deficit	€33.75M	€30.31M	€67.22M	€131.28M
Average Assets	€15.41M	€59.27M	€156.60M	€34.38M
Total Assets	€4.58BN	€4.68BN	€4.70BN	€13.96BN
Total Loans	€1.93BN	€1.85BN	€1.95BN	€5.74BN
Total Investments	€2.51BN	€2.76BN	€2.67BN	€7.94BN
Total Savings	€3.97BN	€4.04BN	€4.02BN	€12.03BN
Total Reserves	€0.59BN	€0.62BN	€0.66BN	€1.88BN
Average ROA	1.14%	0.62%	1.32%	1.06%
Average Liquidity	47.59%	40.94%	36.27%	45.44%
Average Arrears > 9 weeks	18.33%	18.67%	15.04%	18.15%
Average Realised Reserves	13.42%	12.90%	13.84%	13.35%
Lending > 5 Years	12.56%	14.72%	16.67%	13.28%
Lending > 10 Years	1.86%	2.79%	2.74%	2.10%
Average Loan	€6,971	€7,238	€9,100	€7,674
Average New Loan	€2,973	€2,964	€3,112	€3,012
Average Savings per Member	€3,247	€3,717	€5,185	€3,899

Definitions	
<b>Average Surplus / Deficit</b>	Average of all 'Year to Date Surplus (Deficit)' reported by individual credit unions in the quarterly prudential returns
<b>Total Surplus / Deficit</b>	Sum of all 'Year to Date Surplus (Deficit)' reported by individual credit unions in the quarterly prudential returns
<b>Average Assets</b>	Average of 'Total Assets' reported by individual credit unions in the quarterly prudential returns
<b>Total Assets</b>	Sum of 'Total Assets' reported by individual credit unions in the quarterly prudential returns
<b>Total Loans</b>	Sum of total gross loans outstanding reported by individual credit unions in the quarterly prudential returns
<b>Total Investments</b>	Sum of 'Total Investments' reported by individual credit unions in the quarterly prudential returns
<b>Total Savings</b>	Sum of 'Members' Shares Regular', 'Members' Shares Term', 'Members' Shares Special', 'Members' Deposits' and 'Other Members' Funds' reported by individual credit unions in the quarterly prudential returns
<b>Total Reserves</b>	Sum of 'Total Reserves' reported by individual credit unions in the quarterly prudential returns
<b>Average Annualised ROA</b>	ROA (Return on Assets): Average of annualised credit union ROA as calculated from data points reported by individual credit unions in the quarterly prudential returns. ROA calculation is annualised 'Year to Date Surplus (Deficit)' divided by 'Total Assets'
<b>Average Liquidity</b>	Average of credit union liquidity as calculated from data points reported by individual credit unions in the quarterly prudential returns. Liquidity calculation is the sum of investments maturing in less than 3 months and cash and current accounts divided by total unattached savings. *Following the commencement of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (as amended) on 1 March 2018, Irish and EEA state securities, bank bonds and supranational bonds with a maturity of greater than 3 months (with discounts applied to the current market value) are now included within the definition of relevant liquid assets.
<b>Average Arrears</b>	Average of credit union arrears as calculated from data points reported by individual credit unions in the quarterly prudential returns. Arrears calculation is 'Gross Loans in Arrears > 9 weeks' divided by total gross loans outstanding.
<b>Average Realised Reserves</b>	Average of total realised reserves ratios as calculated from data points reported by individual credit unions in the quarterly prudential returns
<b>Lending &gt; 5 Years</b>	Average of gross loans outstanding greater than 5 years maturity as a percentage of total gross loans outstanding as calculated from data points reported by individual credit unions in the prudential returns
<b>Lending &gt; 10 Years</b>	Average of gross loans outstanding greater than 10 years maturity as a percentage of total gross loans outstanding as calculated from data points reported by individual credit unions in the prudential returns
<b>Average Loan</b>	Sum of total gross loans outstanding divided by the sum of total number of loans outstanding reported by individual credit unions in the quarterly prudential returns
<b>Average New Loan</b>	Sum of total amount of new loans advanced (year-to-date) divided by sum of total of number of new loans advanced (year-to-date) reported by individual credit unions in the quarterly prudential returns
<b>Average Savings per Member</b>	Sum of total of 'Members' Shares Regular', 'Members' Shares Term', 'Members' Shares Special', 'Members' Deposits' and 'Other Members' Funds' divided by sum of total of 'Total Membership' reported by individual credit unions in the quarterly prudential returns





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