



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Supervisory Approach

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Regulatory Strategy for the Credit Union Sector

- Strategic Vision: “***Strong Credit Unions in Safe Hands***”
 - ***Three key objectives*** to underpin this:
 - Resolve weak & non-viable credit unions to protect members savings & maintain sector financial stability;
 - ***Develop appropriate legislative & regulatory framework to protect financial stability of individual credit unions & allow prudent development;***
 - Bring about longer term restructuring of sector to ensure its long-term sustainability
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PRISM

- Risk based approach to supervision – **PRISM** – Probability Risk & Impact System
- PRISM is designed to enhance the Central Bank’s ability to deliver **judgement based, outcome focussed** regulation



Challenge, Judge, Mitigate



We undertake tailored engagement tasks with firms in different impact categories

High Impact Firms

- Business model analysis
- Governance reviews
- Financial risk reviews
- Regulatory returns analysis
- Risk governance panels
- Board meeting attendance

Medium Low Impact Firms

- Full risk assessments
- Regular meetings with key firm officers
- Semi - automated returns analysis
- Skilled persons deployed to deal with problematic firms with supervision oversight
- Occasional Board meeting attendance

Medium High Impact Firms

- Full risk assessments incorporating analysis of business model, governance & finances
- Regular meetings with key firms officers & directors
- Regulatory returns analysis
- Risk governance panels
- Occasional Board meeting attendance

Low Impact Firms

- Reactive supervision
- Skilled sector focused teams
- High appetite for enforcement to deter poor behaviour
- Regular consumer focused thematic work (as with other impact categories)



Supervisory Approach (1)

- Our priority is to ensure financially sound and well managed credit unions

 - We will focus our regulatory resources on assessing prudential areas that are key to supporting a strong credit union sector including:
 - ***Governance***
 - ***Capital (Reserves)***
 - ***Liquidity***
 - ***Credit (Lending)***
 - ***Investments***
 - ***Operational Risk (Risk Management)***
 - ***Strategic planning***
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Supervisory Approach(2)

- Where the Central Bank has concerns that a prescribed contravention may be, or may have been, committed enforcement options available include: supervisory actions and other enforcement options
 - From 1 August 2013, the Administrative Sanction Procedure will apply to credit unions
 - We will be proportionate in our approach, taking account of the proactive steps that credit unions can demonstrate
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