



Information Seminars - Introduction

24 September – 16 October 2018

***‘Supporting Safe, Sustainable Growth through
Strengthening Core Foundations, Regulatory
Responsiveness and Earned Flexibility’***

Elaine Byrne

Opening Remarks by: Deputy Registrar of Credit Unions



Good afternoon everyone

We are very pleased to welcome you all here this afternoon to the 1st of our five Information Seminars for 2018.

Each year we seek to develop and enhance the Seminars and include presentations on some new topics.

Thank you to everyone involved in contributing to the organisation of this event and to all of you for taking the time to travel here today. We hope that you will find the seminar informative and engaging.

A number of my colleagues in the Registry of Credit Unions will present here this afternoon, namely Bill Hobbs, Elaine Hession and Anna Marie Finnegan. We are joined by our colleague Terry Quinn from the Irish Economic Analysis Division of the Central Bank who will also present.

The first set of 2 presentations will be covered by Bill and Elaine and will be followed by a Question and Answer session. Following this we will have a short break, during which we will



be available to speak with you bilaterally, if you have any further queries.

After the break, Anna Marie and Terry's presentations will include the 'Financial Conditions of Credit Unions' and the 'Irish Economy: Outlook 2018-2019', followed by an opportunity for any Questions and Answers on their presentations. The plan is to finish up by 6.00pm

We are filming all the presentations this afternoon and they will be available on our website after all the seminars have been completed. In addition, copies of all of the presentations will be circulated to your credit union via email and uploaded onto our website.

If you have any follow-up questions on any of the topics presented this afternoon, please feel free to contact our office by email or phone and we will respond to you directly.

The theme for the seminars this year is *supporting safe, sustainable growth through strengthening core foundations, regulatory responsiveness and earned flexibility*. As you are



aware, the main purpose of the annual Information Seminars is to engage with you on a face-to-face basis; to provide updates on regulatory and supervisory developments; and to hear your views. We hope that this afternoon's Seminar provides a forum to do just that.

Our vision for credit unions is '*Strong Credit Unions in Safe Hands*'. The Registry's statutory mandate prioritises the protection of members' funds, the maintenance of financial stability and the general well-being of the sector. The Registry is fully committed to the safeguarding and development of a strong and sustainable credit union sector that meets these requirements and the needs of your members.

Our Strategic Priorities seek to facilitate credit unions in the areas of restructuring, regulatory change and business model development, while managing the associated risks that arise.

Credit unions, deservedly, have a highly respected brand and enjoy the loyal trust of your members¹. This is a key competitive difference and enabler upon which to build your business. That trust has had a somewhat disproportionate

¹ [Survey](#) carried out Amárach Research on behalf of the Cx Company



expression in terms of the level of savings and, the challenge for credit unions as you are well aware is to grow your loan books in a prudent manner in an increasingly competitive and rapidly evolving marketplace.

Current business model challenges are reflected in declining return on assets across the sector, driven by business factors such as low loan to asset ratios, low investment yields and increasing costs. Changing member expectations and intensifying competition means that the traditional face-to-face credit union branch delivery channel needs to be enhanced with other channels.

Transitioning your business model to where it ought to be will take time, commitment and investment and involves significant transformational change at individual credit union and sectoral level.

In line with our statutory mandate, and to support the sector in your quest for sustainability, our approach in 2018 has and continues to focus in particular on three aspects. These are:



- Supervisory Proportionality in our engagement approach with credit unions, designed to strengthen core foundations;
- Regulatory Responsiveness - whereby we commit to evolve the regulatory framework in a responsive manner to support prudent business model development; and
- Earned Flexibility - by using our regulatory powers to facilitate strong credit unions in safe hands in undertaking business model development.

Our presentations this afternoon cover 3 main segments, firstly, business model strategy, secondly, updates on prudential areas including feedback based on the responses from credit unions to the lending questionnaire completed earlier this year as part of our review of the credit union lending framework and thirdly, an overview of the financial position of the credit union sector and the macro-economic outlook for the Irish economy 2018/2019.

We hope that the insights on each of these topics will support discussions on business model development and strategy at your individual credit unions.



As we have referred to on previous occasions, the commitment of directors, board oversight committee members, volunteers, management, staff and members of credit unions remains an important and differentiating feature of credit unions. Your belief in the sector is a vital component in ensuring that credit unions can develop and grow sustainable businesses into the future.

We recognise that this is a particularly busy time of year at your credit unions, given the 30 September year-end. We acknowledge all of your work and co-operation last year in ensuring the 2017 year-end process worked well, and our supervisory staff in the Registry are committed to working with you over the coming period in order to ensure a smooth, efficient and professional process for the 2018 year-end.

Finally, the Registry is committed to engaging in meaningful and clear communication with you. These Information Seminars continue to be just one part of our overall communication and engagement strategy. Specific initiatives from the Registry in 2018, including the launch of the CEO Forum and Credit Union Workshops, together with our publications, including the 2018 PRISM Supervisory



Commentary, Thematic Reviews, Provisioning Guidance and the Financial Conditions of Credit Unions Statistical series, are intended to support you in your credit unions in building strong core foundations in the areas of governance, risk management and operational capability, so that credit unions are in a position to deliver a sustainable business model.

I will now handover to Bill Hobbs for the first of the presentations this afternoon covering business model strategy.

Thank you.