



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



Supervisory Overview

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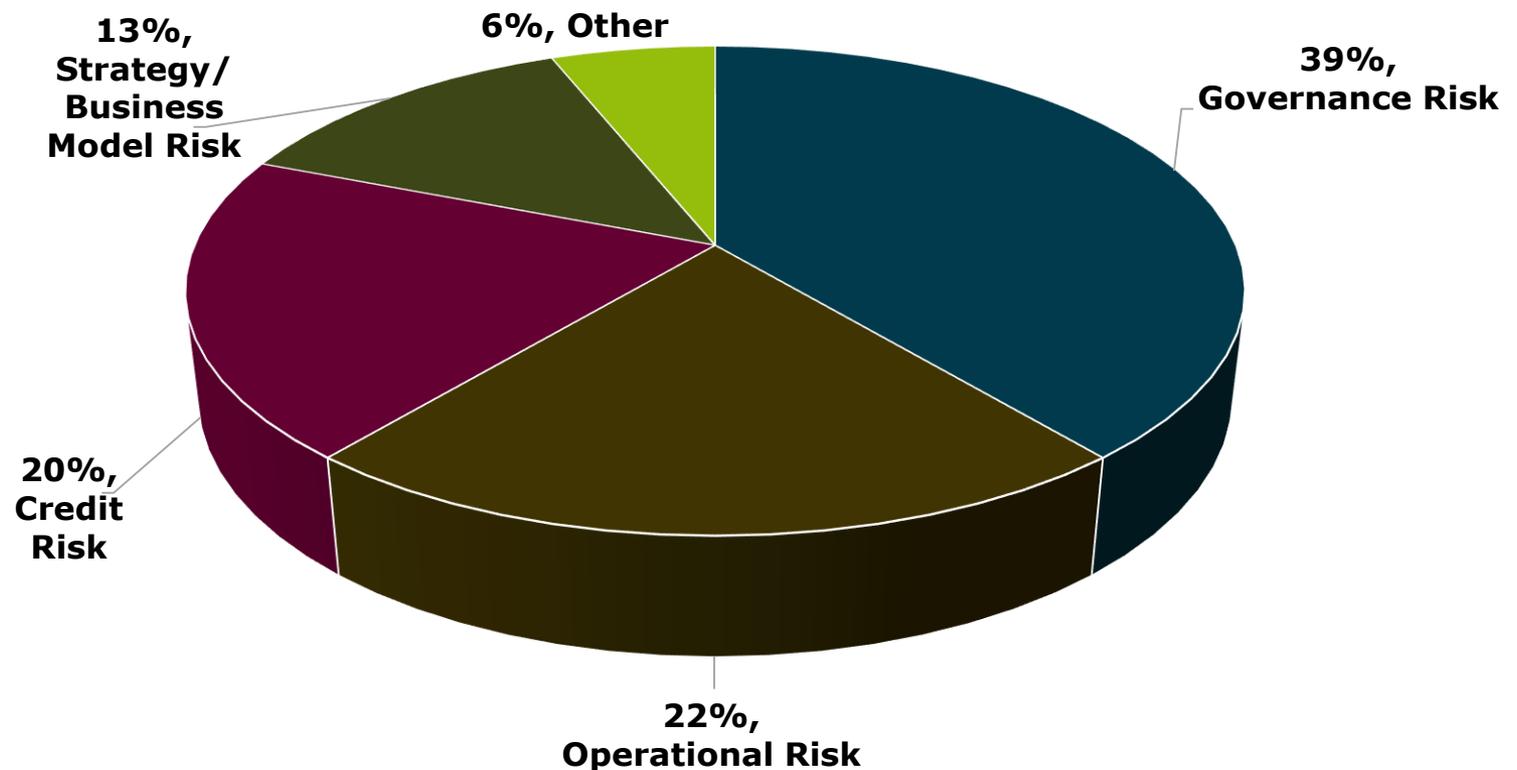
2017 Engagements

- September 2017 – 273 active credit unions.
 - 146 PRISM engagements were scheduled including RMP presentations to a number of credit unions.
 - Additional engagements:
 - Assets & governance reviews;
 - A number of thematic assessments.
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Progress achieved

- As at 31 October 2017:
 - 126 engagements completed.
 - 589 RMPs issued, main focus of which was as follows:





Primary Concern – Governance & Viability

- An increasing number of credit unions are now demonstrating effective governance.
 - However, a significant cohort continue to fall well below our minimum expected standards:
 - Ineffective Risk Management & Compliance functions;
 - Internal Audit functions failing to add value;
 - Poor board oversight of activities & associated risks;
 - Lack of business model understanding.
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2017 Thematic Focus

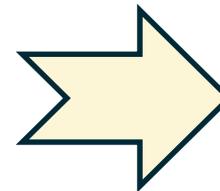
- Post Transfer of Engagement Integration
 - Bank & Cash Controls
 - Member Prize Draws
 - Mortgages
 - IT Risk Management
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2018 Supervisory Focus

Ongoing refinement of our supervisory approach

- Further thematic inspections
- Custom engagements as necessary
- Calibration of pre-scheduled engagements:
 - asset size proportionality and scale
 - Individual firm risk profile
 - Governance and compliance
 - Credit & operational risk
 - Strategy/business model risk





Brexit & Credit Unions – A Supervisory Perspective

Uncertainty:

- Geopolitical:
 - Type of Brexit, future North/South dynamic.
- Macroeconomic:
 - Consumer confidence, Fx risk, concentration risk, interest rate risk.



Supervisory Expectations:

- Uneven exposure – rural credit unions, border proximity, tourism & agri-food;
- Boards & management must be cognisant of potential impact;
- Risk Register – Identification, measurement, mitigation & reporting;
- Appropriate plans in place to manage downside risk.