

# **Data and Research: Cornerstones for a New Credit Union Trade Association**

March 17, 2015

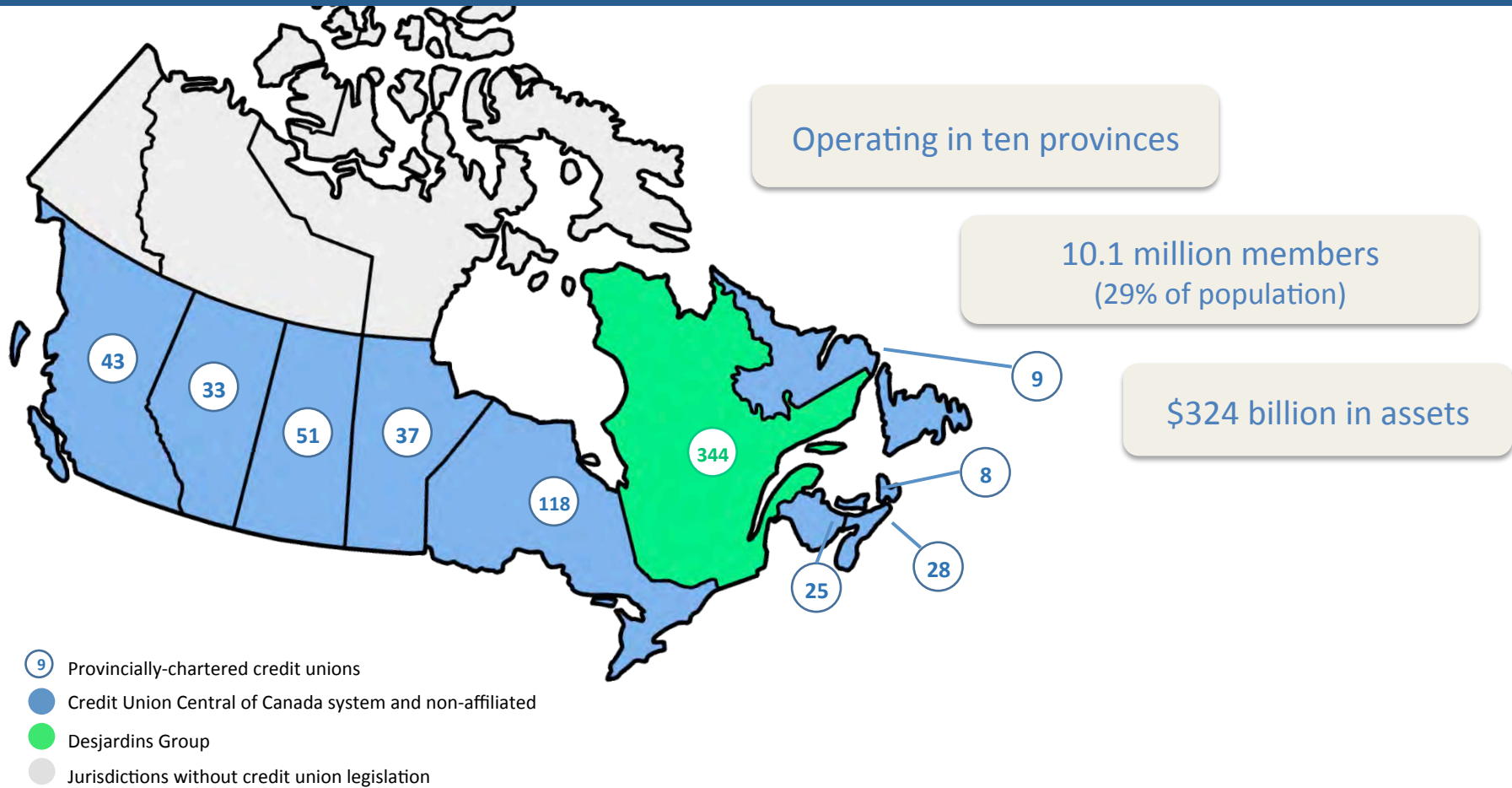


**Credit Union  
Central of Canada**

# Presentation Overview

- Credit Unions 101
- CUCC into CCUA
- Data Capacity/Weaknesses
- CUCC Research Capacity/Weaknesses
- Next Steps: More!

# The Canadian Financial Cooperative Sector



	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Members	1,893,310	635,689	488,875	633,945	1,551,529	4,433,286	227,136	151,336	54,175	54,186
% pop.	41%	15%	43%	49%	11%	54%	30%	16%	37%	10%
Assets (\$B)	\$61.97	\$22.74	\$19.33	\$24.95	\$41.34	\$146.40	\$4.12	\$2.15	\$0.88	\$1.12

# Credit Union Central of Canada System

5,345,145 members

Own

**315 credit unions** (in all provinces except Québec)



Own

**5 provincial/regional Centrals & 1 Federation**



Own



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# CUCC as a Financial Institution aka Central

1. Managed Group Clearer / Treasury Operations
2. At the table with Interac and Canadian Payments Association (CPA)
3. Product Development (e.g., Canada Student Loan, ethical funds, Credential)
4. Extensive Production of marketing material
5. Credit Union “college”
6. Government Relations

# The Canadian Credit Union Association

1. Advocacy: Federal with some provincial
2. Education: Integrated into CCUA
3. Regulatory Compliance: Economies of Scale
4. Awareness: Promoting the CU Brand

# Defending CUs: Our Data Resources

- **Provincial Credit Union System Data**
  - **Provincial Level: Income, Balance Sheet, Other**
  - **Credit Union Level: Assets, employees, locations, membership**
- **Other Data**
  - **Survey Data : Community Involvement, Ipsos, CFIB**
  - **Statistics Canada Cansim Table 180-0003 (“Financial and Taxation Statistics by Enterprise”)**
  - **Bank of Canada “Banking and Financial Statistics”**



# Defending CUs: Our Database

Edit Record		Main		Print	
Balance Sheet			Income Statement		Supplement Sheet
CREDIT UNION SYSTEM INFORMATION SURVEY			As of 2013 Q4		
Province: British Columbia			Fund: BC		
ASSETS		TOTAL	LIABILITIES		TOTAL
Loans:					
Residential Mortgages	34,829,951,072		"Share" Deposits (if insured)	61,816,524	
Commercial Mortgages	12,433,584,347		Membership "Shares" (if insured)		
Agricultural Mortgages			Demand Deposits	18,818,974,263	
Consumer (incl. line of credit)	2,194,845,421		Term Deposits	24,831,287,526	
Commercial (incl. line of credit)	1,435,630,695		RRSPs	8,321,318,848	
Agricultural			RRIFs		
Local Gov't & Related			Other Registered Plans		
Other			Total Deposits		\$52,033,397,161
Total Loans		\$50,894,011,535	Borrowings (excl. accrued interest)		2,257,317,114
Allowance for credit losses - specific	-42,128,873		Accrued Interest		332,424,697
Allowance for credit losses - general	-119,253,577		Derivative Liability Related Amounts		18,722,905
			Accounts Payable & other liabilities		603,889,821
			Total Liabilities		\$55,245,751,698
			EQUITY	Deficit Credit Unions	Non-Deficit Credit Unions
			Retained Earnings		3,336,670,450
			Reserves		\$0



# Defending CUs: Supplementary Data

CREDIT UNION SYSTEM INFORMATION SURVEY - SUPPLEMENT	
Fund:	BC
As of 2013 Q4	
Risk-Weighted Position	
RISK-WEIGHTED ASSETS	
Total on-balance sheet risk-weighted assets	\$27,227,706,367.00
Additional amounts included in total risk-weighted assets	\$75,288,283.00
Total Risk-Weighted Assets	\$27,302,994,650
REGULATORY CAPITAL	
Total Tier 1 Capital	\$3,282,174,829.00
Total Tier 2 Capital	\$722,646,866.00
Total Capital	\$4,004,821,695
Tier 1 Capital Ratio	12.02%
Tier 2 Capital Ratio	2.65%
Total Capital Ratio	14.67%
OFF-BALANCE SHEET ITEMS	
Mutual Funds Administered	\$7,842,520,532.00
Total Securitized Loans	\$1,117,525,665.00

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# Defending CUs: Our Research Capacity

**Filene** Research Institute 

# Defending CUs: Greatest Research Hits

Research Report

## An Examination of Key Performance Indicators Reported by Credit Unions in North America

In partnership with



**Daphne Rixon, FCMA, PhD**  
Associate Professor, Accounting  
Executive Director, Centre of Excellence in  
Accounting and Reporting for Co-operatives  
Saint Mary's University, Nova Scotia



Research Brief

## Improving Peer Group Analysis for Credit Unions

In partnership with



**Mike Higgins, Jr.**  
Partner  
Mike Higgins & Associates  
  
Foreword by  
**Dennis W. Campbell**  
Associate Professor  
Harvard Business School



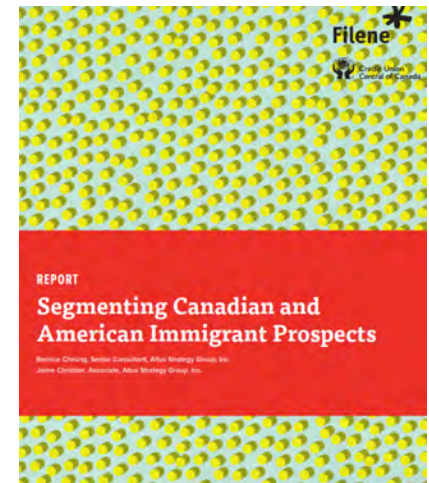
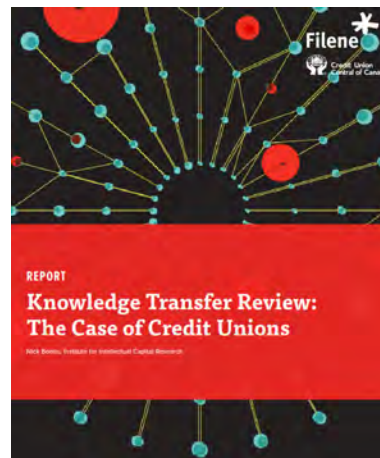
Research Report

## Corporate Governance in Canadian and US Credit Unions

In partnership with



**Dr. Peter Goth**  
Lecturer, Accounting and Corporate Finance  
Queen's University Belfast, Northern Ireland  
University College Dublin, CESUGA, A Coruña, Spain  
  
**Professor Donal McKillop**  
Professor of Financial Services  
Queen's University Belfast, Northern Ireland  
  
**Professor John Wilson**  
Professor of Banking and Finance  
University of St. Andrews, Scotland



# Defending CUs: Next Steps



# Defending CUs: 2015-16 Research Stream

## Operational

- Online Peer-Based Lending: Opportunity or Risk for Credit Unions?
- Right Sizing Big Data for Credit Unions
- Corporate Charter Choices (CUCC/Filene Fellow Chris Nichols)

## Policy/GR Focused

- Assessing the Riskiness of Canadian Credit Unions: A detailed Regional Breakdown
- Credit Unions Versus Banks: Does Form Matter in Canada?
- Does Knowing Your Member Offset Lack of Geographic Diversification? A Review of the Evidence
- Stress Testing Credit Unions: Case Studies and Core Principles

# Data Gathering Initiative: The MOU

- Section 1: Purpose
- Section 4: Data Collection
- Section 7: Confidentiality
- Sections 8: Data Security

# Data Gathering Initiative: 36 Variables

1. Income Statement:
  - Income: Interest, investment, other income
  - Expenses: Administration, cost of funds, patronage, income taxes
  
2. Balance Sheet:
  - Assets: Loans (commercial, consumer, residential), allowances, liquidity pool
  - Liabilities: demand, term and RRSP deposits
  
3. Other:
  - Delinquencies (30 – 90 day; +90 day)
  - Locations, employees, membership

# Data Gathering Initiative: Other Options

- Bob Leshchyshen’s “Canadian Credit Union Analysis” Report
  - Pro: Cheap, minimal effort
  - Con: Annual only, limited sample of credit unions, limited range of variables, contingent (i.e., not institutionalized)
- Partner with Statistics Canada
  - Pro: Interested in expanding data collection
  - Con: Time consuming, coordination challenge, can lead on this and still partner later



# What's in It for Credit Unions?



## National Credit Union Administration Financial Performance Online Reports

Report Cycle:  Report Interval:   
Charter Number:  To Find a Credit Union: [Click Here](#)

Financial Summary

Ratio Analysis

### Note to Users:

Data presented in the Financial Performance Report (FPR) viewed online may differ from the FPR that is emailed to you if data has been recently uploaded. Normally, Call Report uploads and data corrections are reflected on the online FPR twenty-four hours after upload. If you require more detailed Call Report data, you may use the FPR request process to have up to 17 additional data pages and 2 pages of graphs emailed to you. Peer average ratios for the current Call Report cycle are not available until the data collection is complete and validated. If you request FPRs prior to the release of peer average ratios, the current cycle data should be considered preliminary, non-validated data. NCUA will notify users when the peer ratios are available for the current cycle.

Link: [http://webapps2.ncua.gov/NCUAFPR/OnlineFPR.aspx?cu\\_number=](http://webapps2.ncua.gov/NCUAFPR/OnlineFPR.aspx?cu_number=)



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# What's in It for Credit Unions?



## National Credit Union Administration Financial Performance Report - Ratio Analysis

### Annual, Ending Sep 2014

Charter	Name	Street	City	State	ZipCode	Region
24362	AFFINITY PLUS	75 W Lafayette Frontage Rd	Saint Paul	MN	55107-1488	4

Line Item	Dec-2010	Dec-2011	Dec-2012	Dec-2013	Sep-2014	Peer Avg.
<b>CAPITAL ADEQUACY</b>						
Net Worth/Total Assets	7.60	7.52	7.93	7.49	8.04	10.95
Net Worth/Total Assets--Including Optional Total Assets Election (if used)	7.60	7.82	7.98	7.69	8.04	10.97
Total Delinquent Loans / Net Worth '3	16.66	14.42	13.91	13.74	10.30	4.80
Solvency Evaluation (Estimated)	108.53	108.34	108.66	108.38	108.80	112.79
Classified Assets (Estimated) / Net Worth	17.17	11.76	10.06	11.76	10.86	5.84



# The Data Gathering Initiative Process

- **Generate support through voting process**
- **Centrals will send email out with:**
  - [Link](#) to Survey Monkey: 2 minutes
  - Link to webinar: at your leisure
  - MOU: for your consideration
  - One-page background note
- **Follow up where possible at AGMs**
- **Future webinars and engagement**



# One Hurdle

## **BC: Financial Institutions Act (s. 218)**

An individual or entity who, under this Act, obtains (a) information, or (b) records that are submitted in accordance with a request that is made or an obligation that is imposed under this Act must not disclose the information or records to any individual or entity other than for the purposes of administering this Act and the regulations, for the purposes of a prosecution or if required by law.

# Coordinates

For more information, please contact:

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