



# Annual Credit Union Benchmarking Results

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# Benchmarking 2023: Survey Context

- 11th Annual Benchmarking Survey
- Survey responses from 44 Credit Unions and financial data used from 72 Credit Unions from published annual reports
- Sample of Credit Unions represented €10.54B or 51.9% of total asset size of Credit Union movement in the State (Sector Asset size was approx. €20.3b across 205 Credit Unions as at 30 September 2022)
- Certain financial data: Results for 30 September 2022 with comparatives for 30 September 2021 from annual reports.
- Contributions from Credit Unions ranging in size from < €20m to > €500m
- Mix of Community based and Industrial Credit Unions

# Benchmarking 2023: Sector Context

- Now 205 trading credit unions – down from 214 at 30 September 2021 (274 in 2017)
- Credit Unions with assets > €100m is 67 equivalent to 69% of sector assets
- Assets are a record high of €20.31b
- Loan to asset ratio is an average of 28.4%
- Return on Assets has fallen from 0.6% to 0.3%
- Cost to income ratio is at a 5 year high – 92%
- Arrears are at a 7 year low – 3%
- Provisions decreased from 7% to 6.7%

# Benchmarking 2023: Key Survey Findings

- Loan Book Growth
- HR – Recruitment, retention and performance management
- Rising Cost to income ratios
- Inflationary pressures and rising cost of living
- Online is where its at
- Marketing getting more money but not strategically focused
- Cyber Risk remains high with increases in known attacks
- Still viability concern for certain CU's
- Uptick in merger activity
- ESG framework and policy is lagging in terms of focus
- Positively, Reserves levels are being maintained at stable levels

# Areas Covered in the Benchmarking

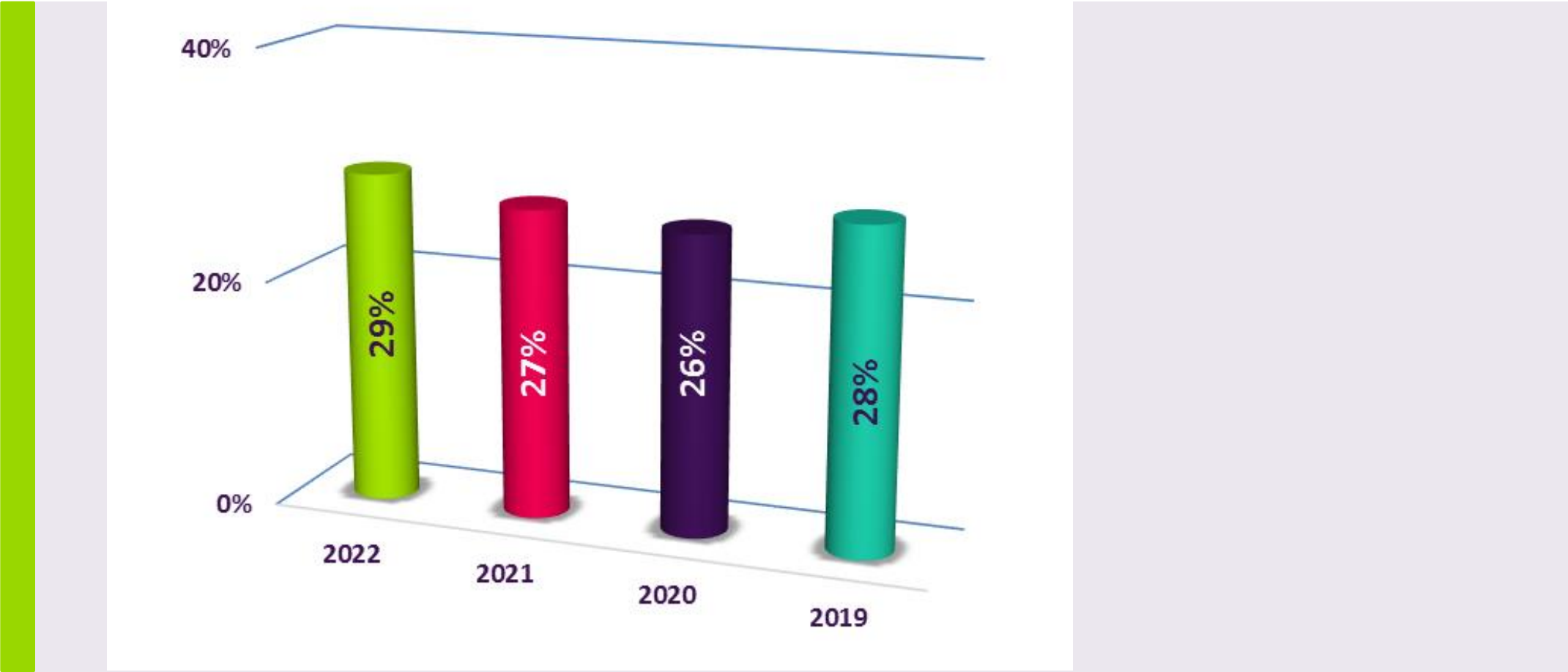
Financials	Regulatory Compliance
Loan Book	Climate Change/ESG
Member Shares	Cyber
Human Resources	Strategic Planning
	Marketing





# Financials

# Gross Loan Book % of Assets

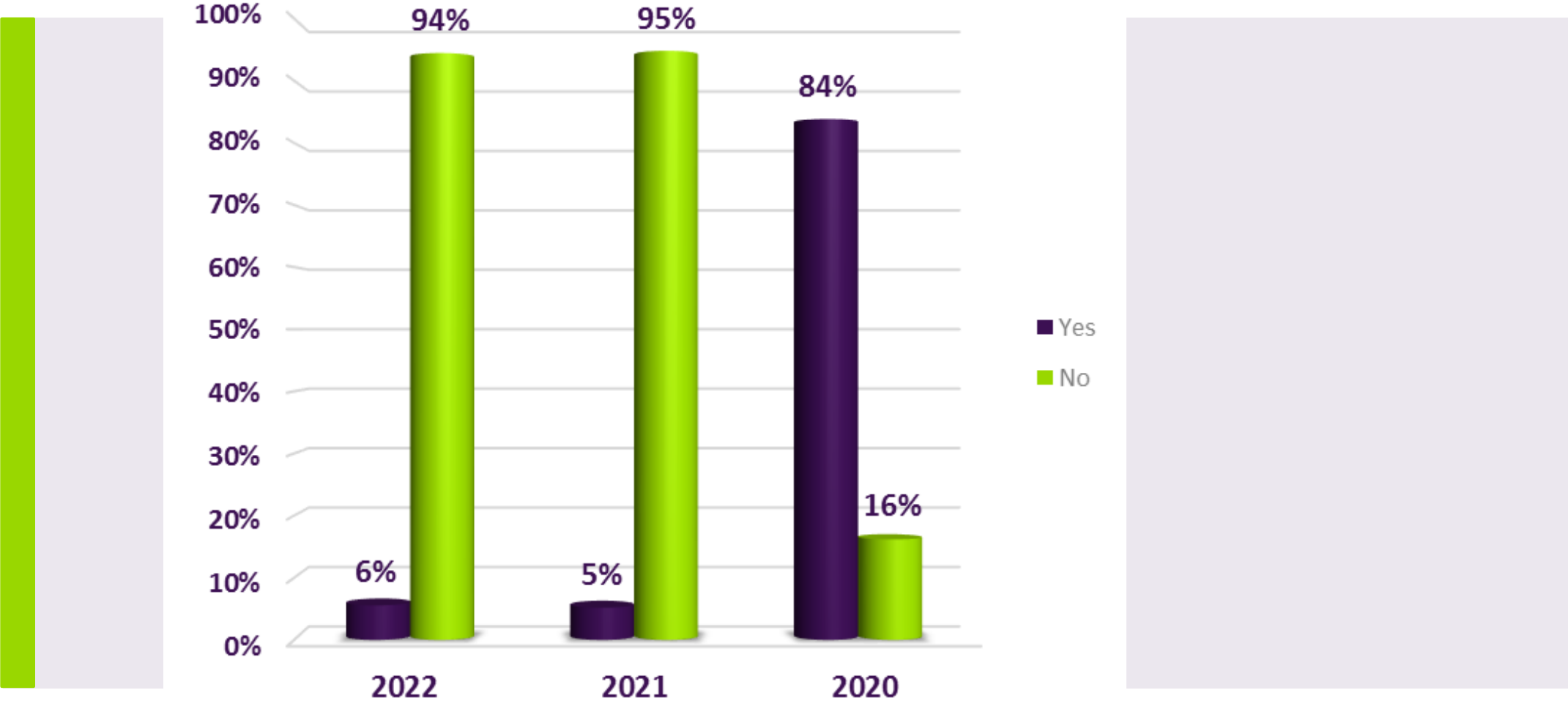


# Average Interest Rate on Loans

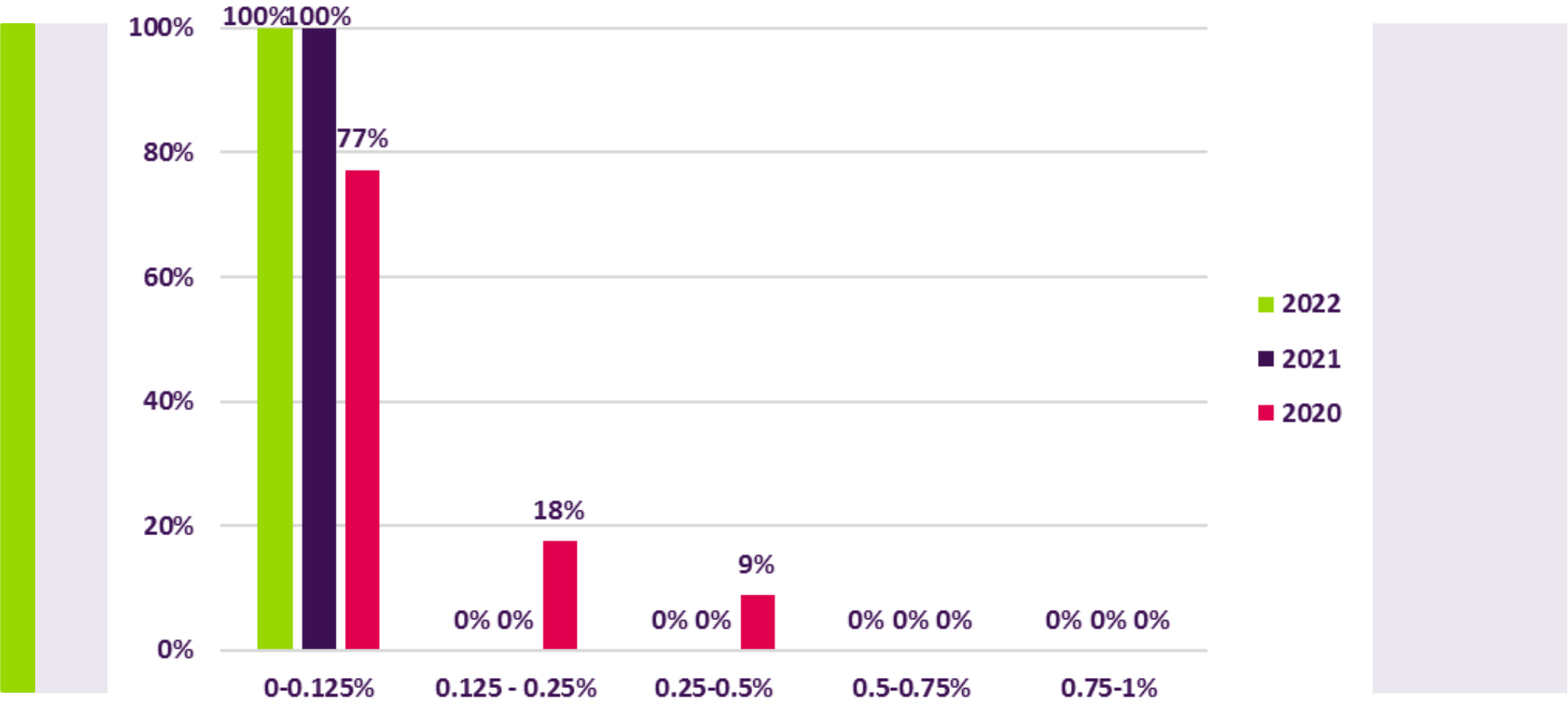
	Community		Industrial	
	2022	2021	2022	2021
Average Interest Rate	8.1%	8.1%	6.5%	6.6%
Highest Average Interest Rate	12.1%	10.1%	9.1%	9.3%
Lowest Average Interest Rate	6.2%	6.4%	4.8%	5.0%



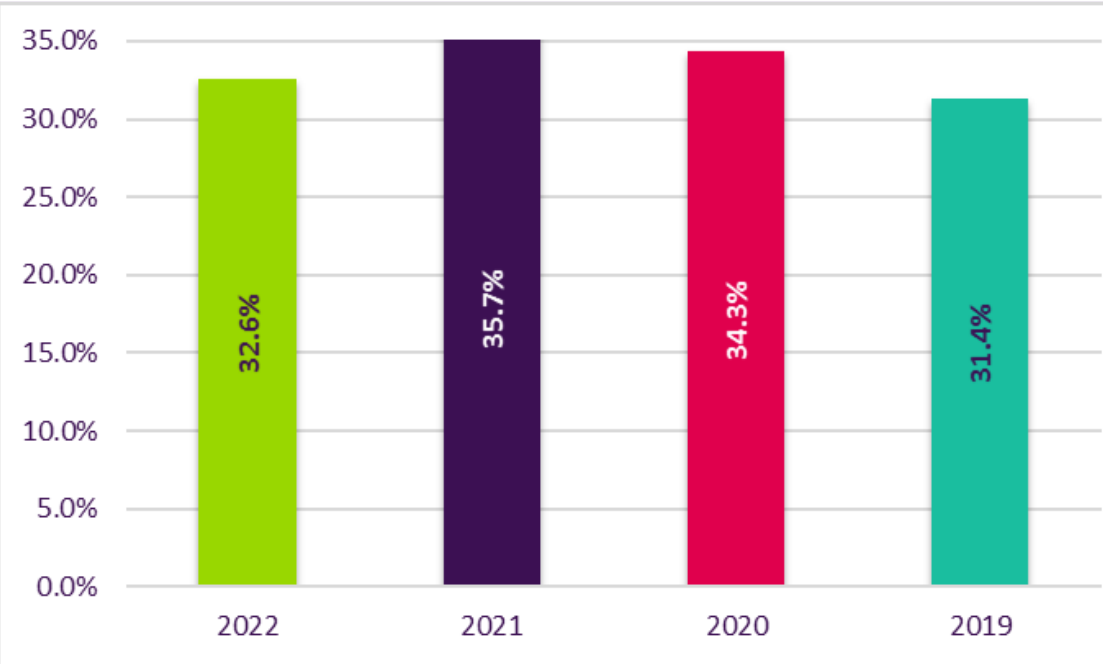
# Did your Credit Union Pay a Dividend



# Dividend Rates



# Wages % of Income



	Community		Industrial	
	2022	2021	2022	2021
Average Wages/Income ratio	34.3%	36.0%	25.6%	25.6%
Highest Wages/Income ratio	54.9%	52.1%	43.1%	35.7%
Lowest Wages/Income ratio	21.6%	23.1%	15.0%	14.9%

# Cost to Income Ratio

## Community

2022	2021
Average	
95%	82%

2022	2021
Highest	
256%	134%

2022	2021
Lowest	
54%	50%

## Industrial

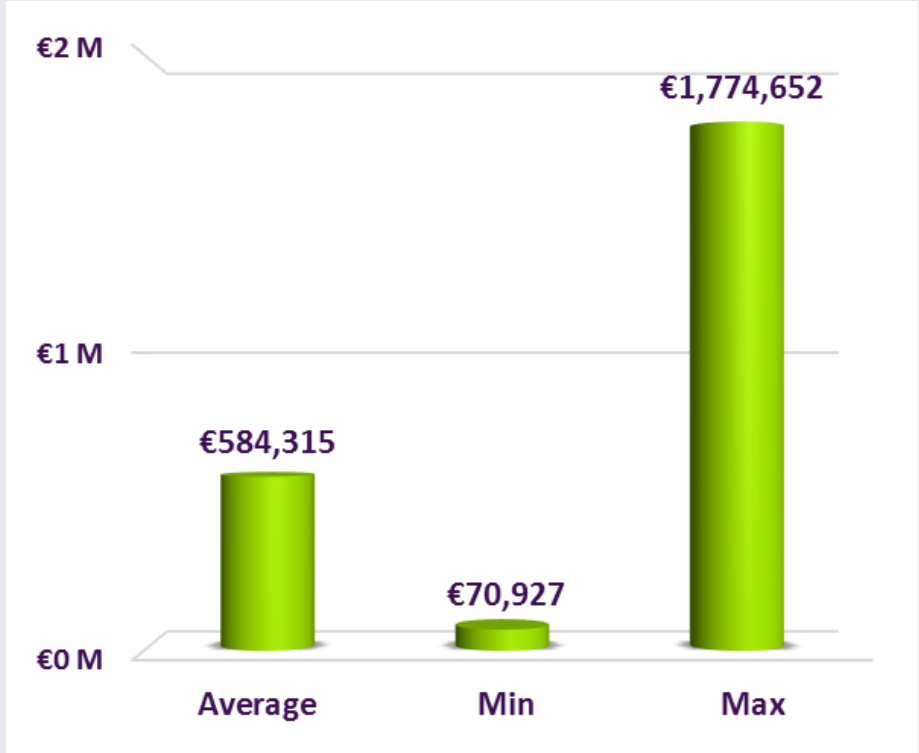
2022	2021
Average	
75%	72%

2022	2021
Highest	
102%	109%

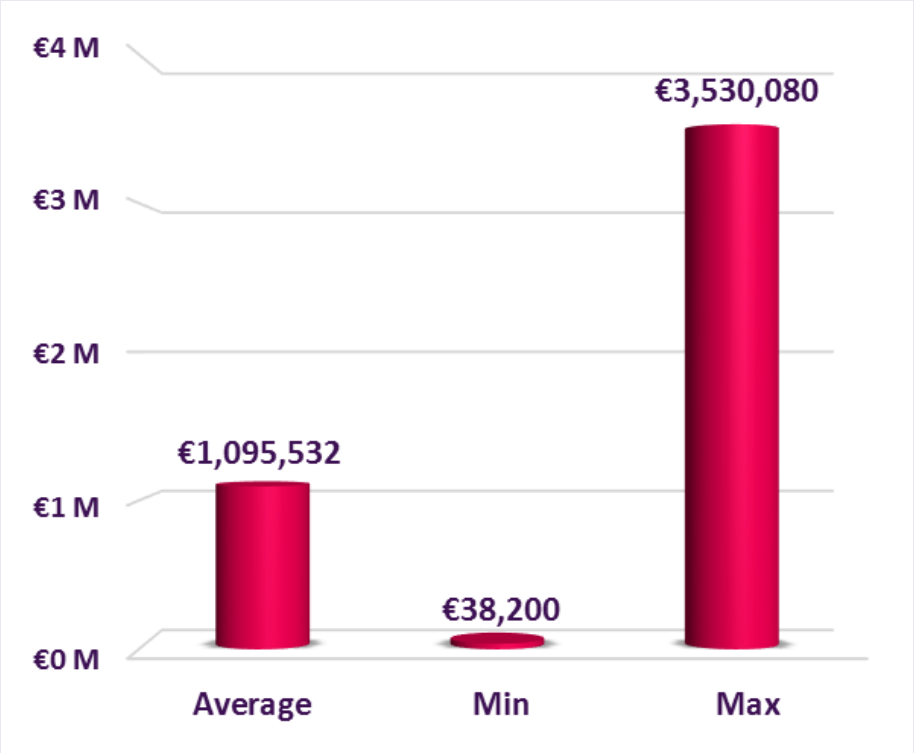
2022	2021
Lowest	
55%	57%

# Exceptional Items – 30 September 2022

## SPS Refund



## Pension Payment



# Reserve Ratios

Community	2022	2021	2022	2021	2022	2021
	Average		Highest		Lowest	
	16.2%	16.1%	24.6%	24.9%	11.5%	11.7%
Industrial	2022	2021	2022	2021	2022	2021
	Average		Highest		Lowest	
	16.2%	15.8%	21.5%	20.8%	13.1%	11.8%



## Loan Book

# Loan Book Growth

## Community

	2022	2021
	Average	
Loans Issued Growth	12%	9%
Loan Book Growth	10%	4%

2022	2021
Highest	
86%	86%
56%	43%

2022	2021
Lowest	
-15%	-21%
-8%	-12%

## Industrial

	2022	2021
	Average	
Loans Issued Growth	9%	9%
Loan Book Growth	9%	4%

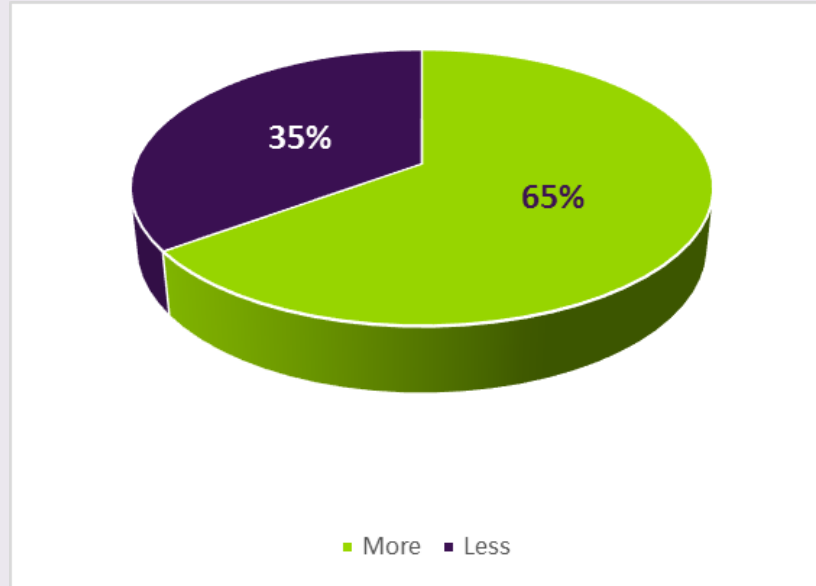
2022	2021
Highest	
26%	29%
20%	13%

2022	2021
Lowest	
-10%	-6%
2%	-7%



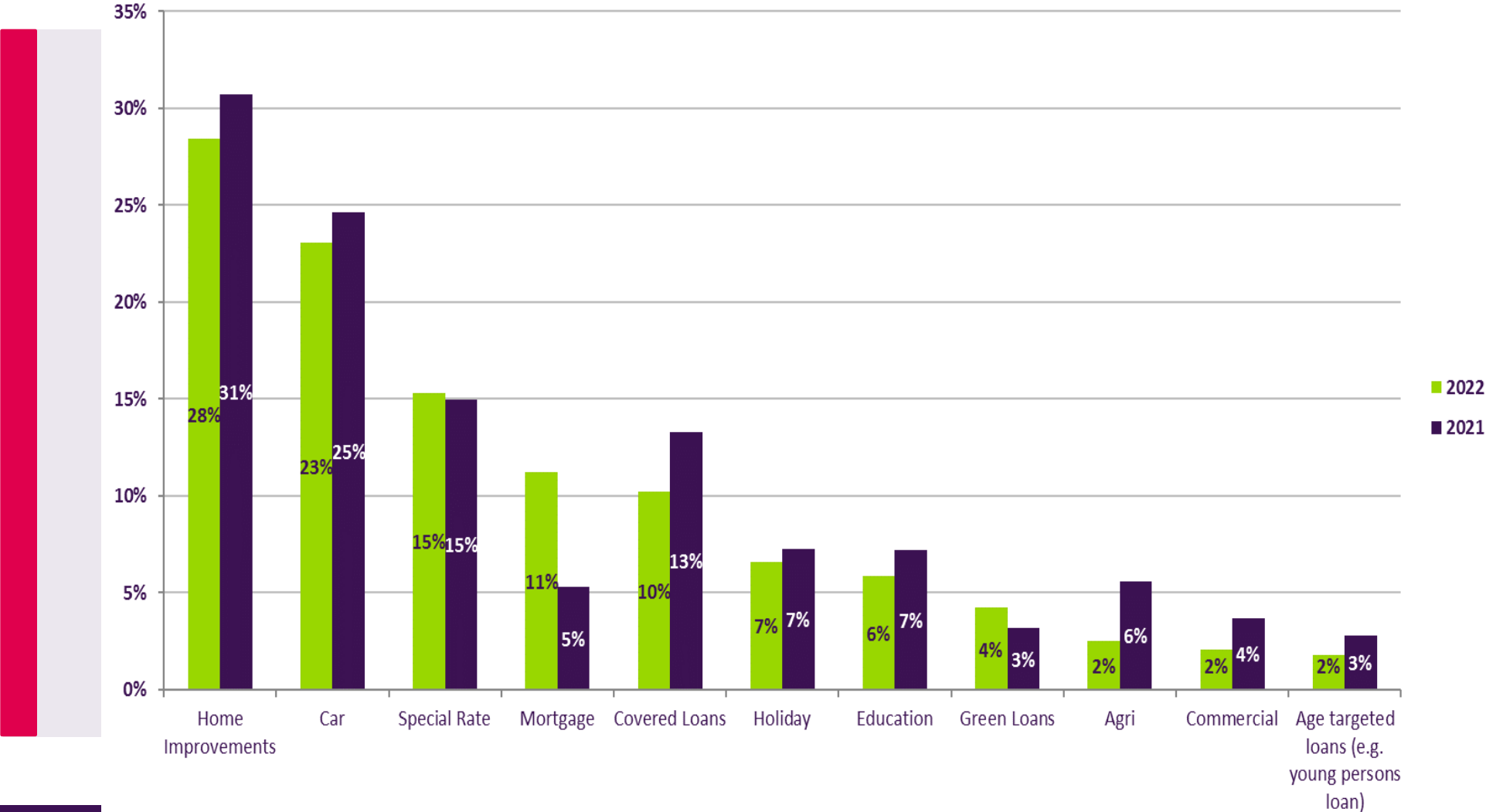
# Loan Book Growth: Survey Findings

## Loan Book Growth more or less than expected in 2022



- In terms of growing the loan book, 60% of participants scored themselves as 'Doing Enough' an improvement when compared to 50% at the time of our last survey
- 13% of participants feel they are 'Not Doing Enough' to grow the loan book an increase from 11% at the time of our last survey
- The remaining 27% of participants describe themselves as being in the middle of the road in growing their loan book. This has reduced from 39%

# Fastest Growing Loan Type



# Lending Analysis



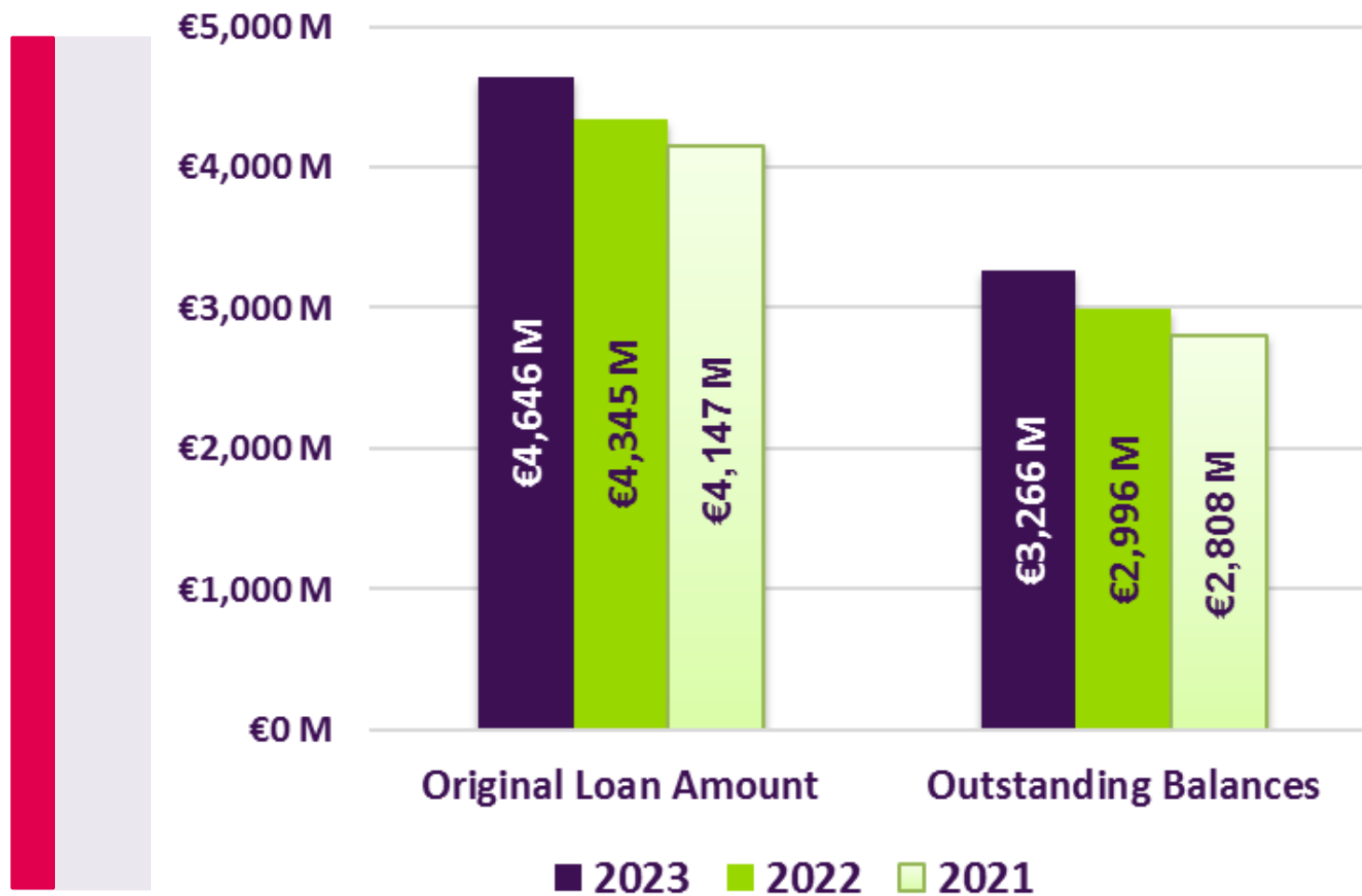
Based on 61 Credit Unions:

- ✓ 51 Community
- ✓ 10 Industrial.

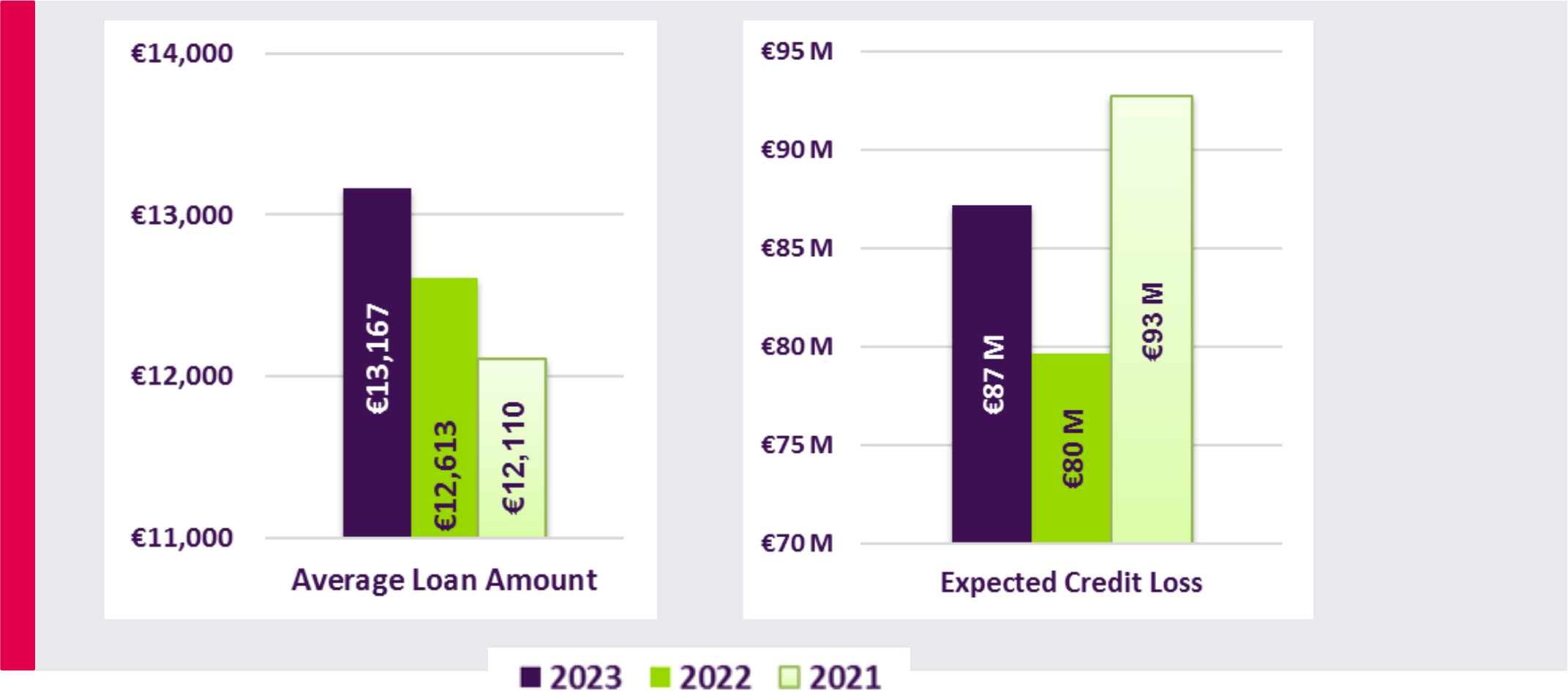
Thank you to CUFA for providing the following data.

\* Loans issued during the period refers to a 6 month period up to the date of the quarter end.

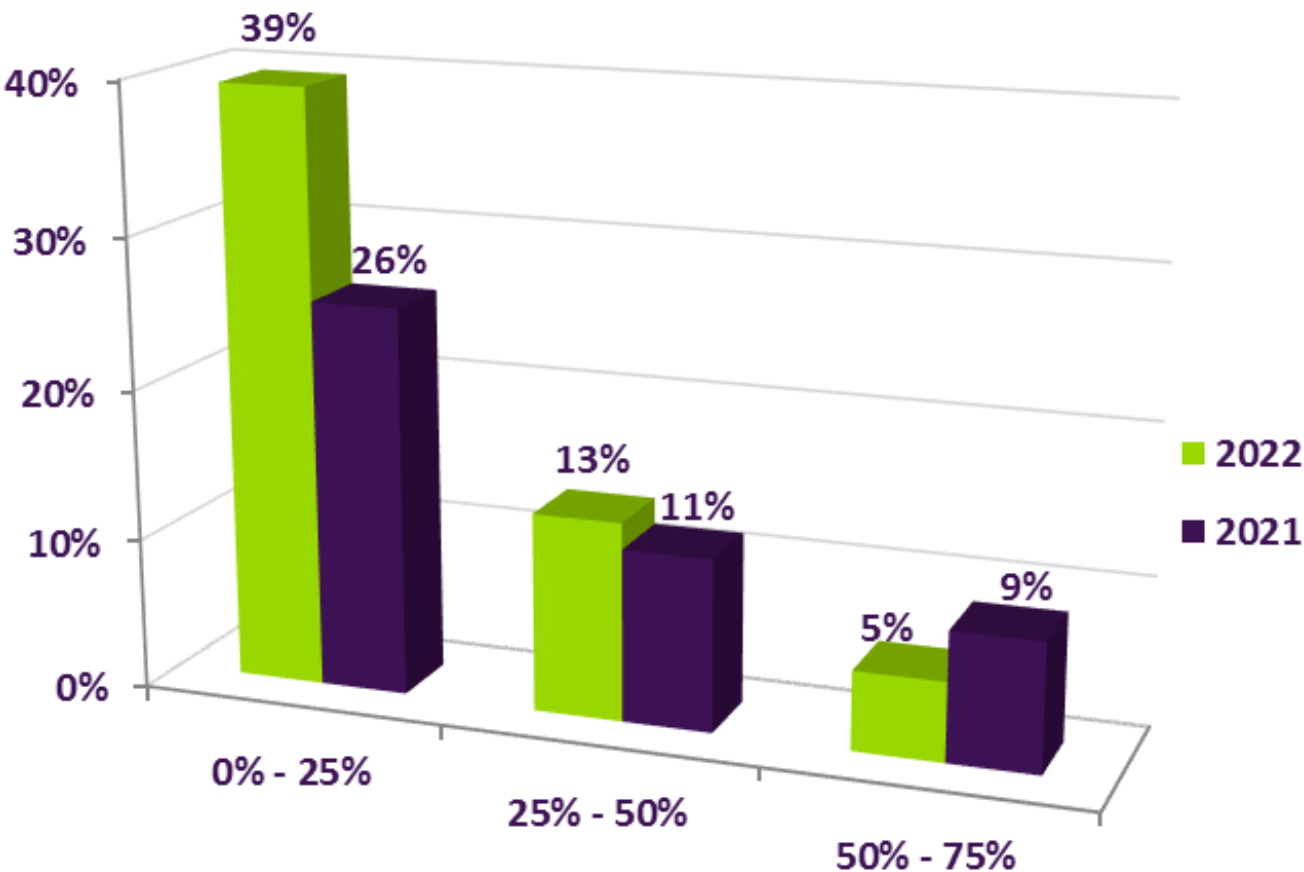
# Value of Loans



# Value of Loans



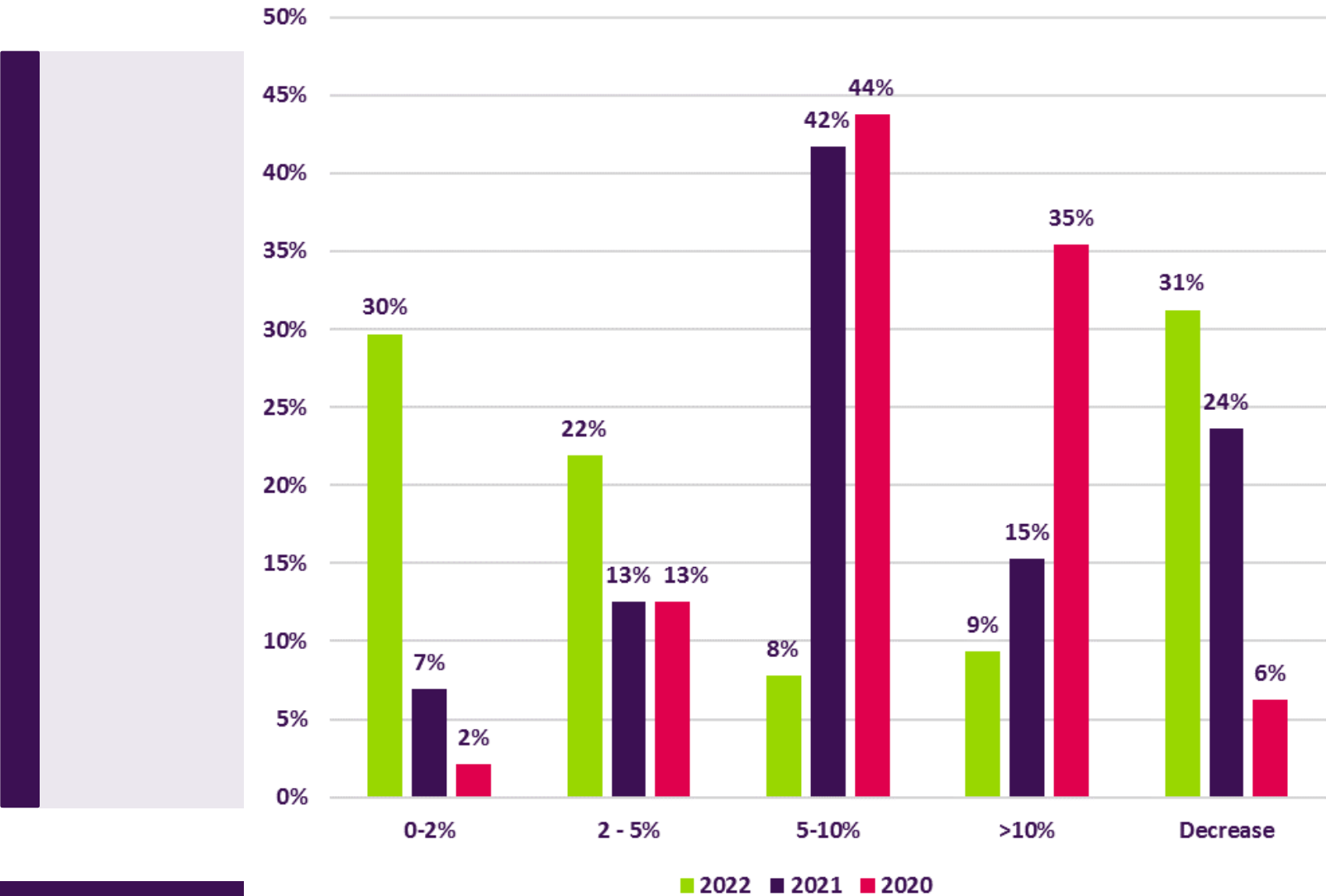
# Online Loan Applications





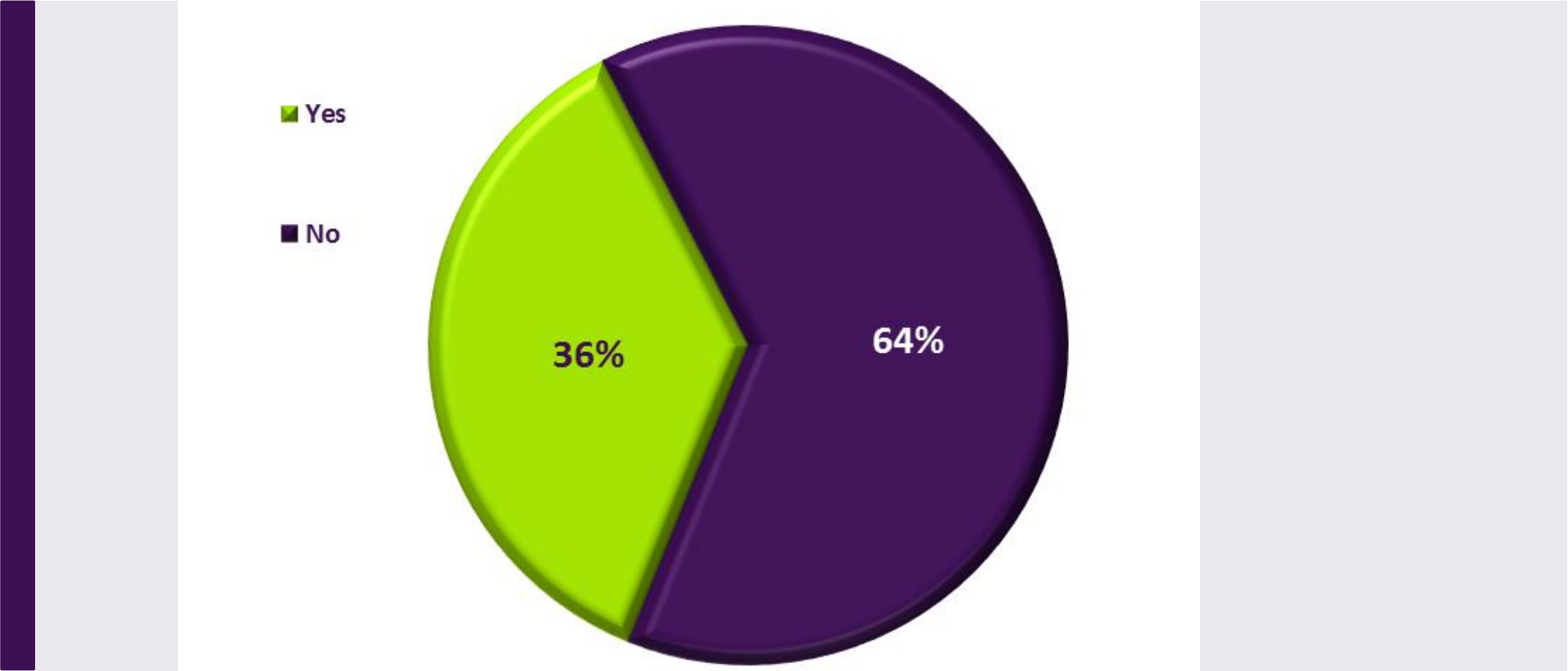
## **Member Shares**

# Percentage Increase in Member Shares

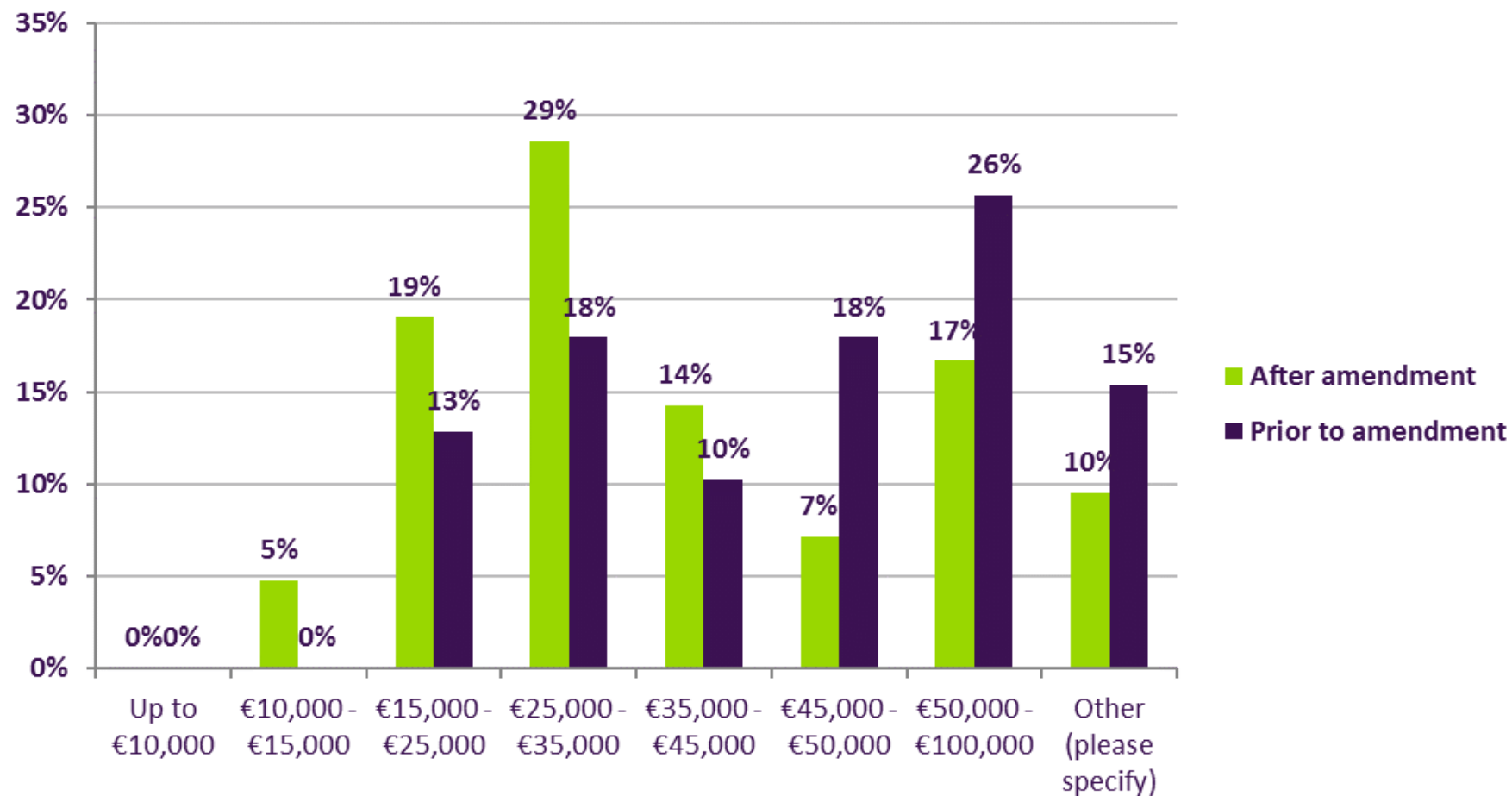




# Recently Amended Share Cap



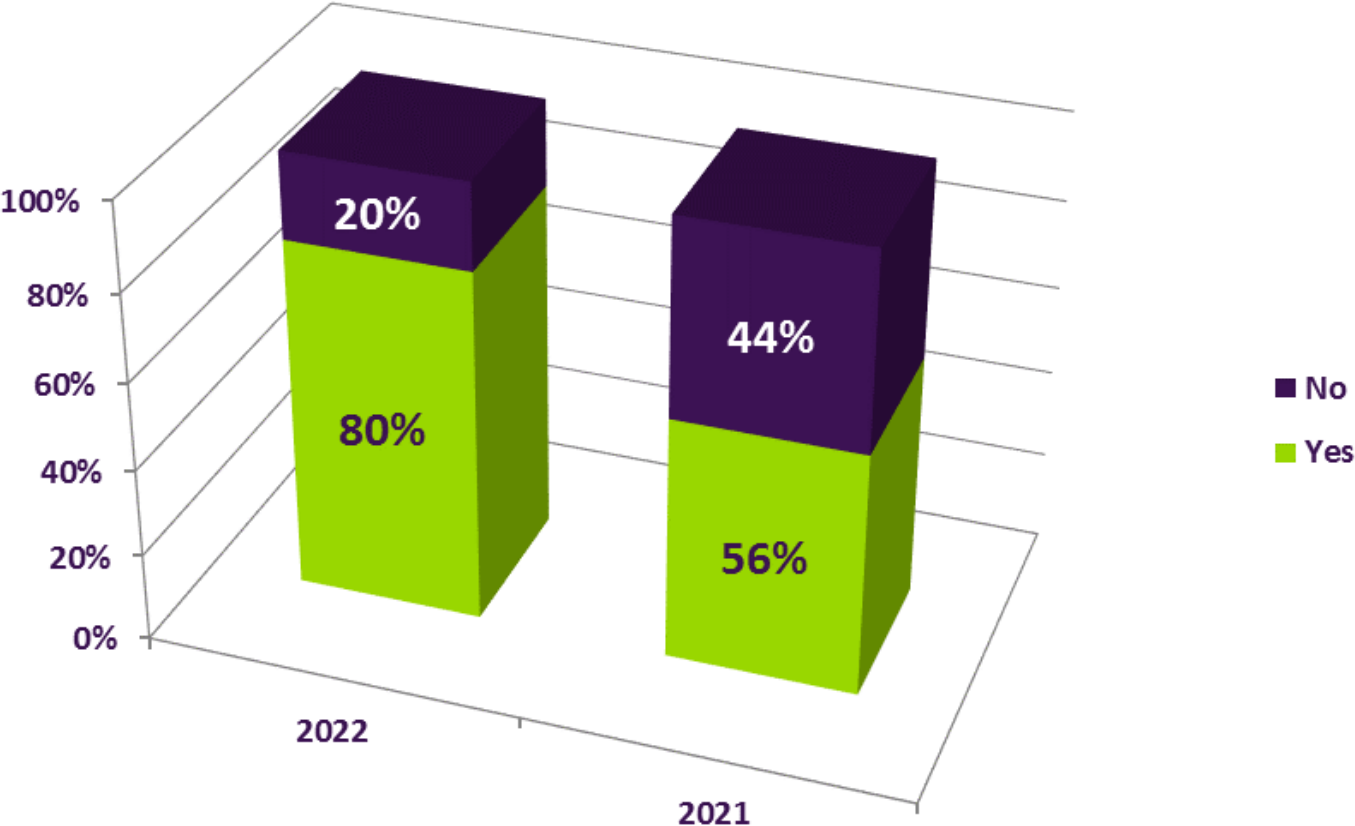
# Levels on Share Caps



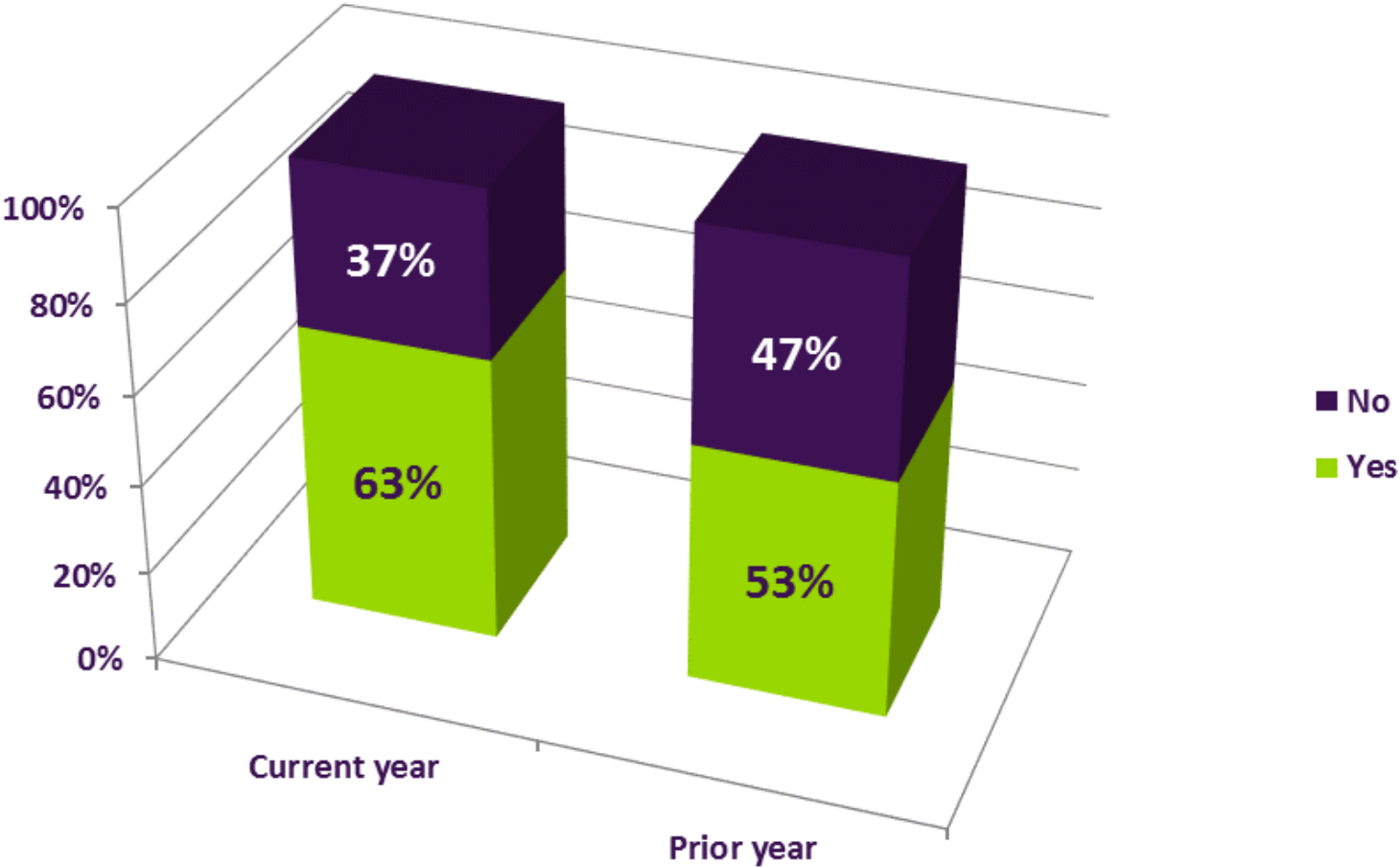


# Human Resources

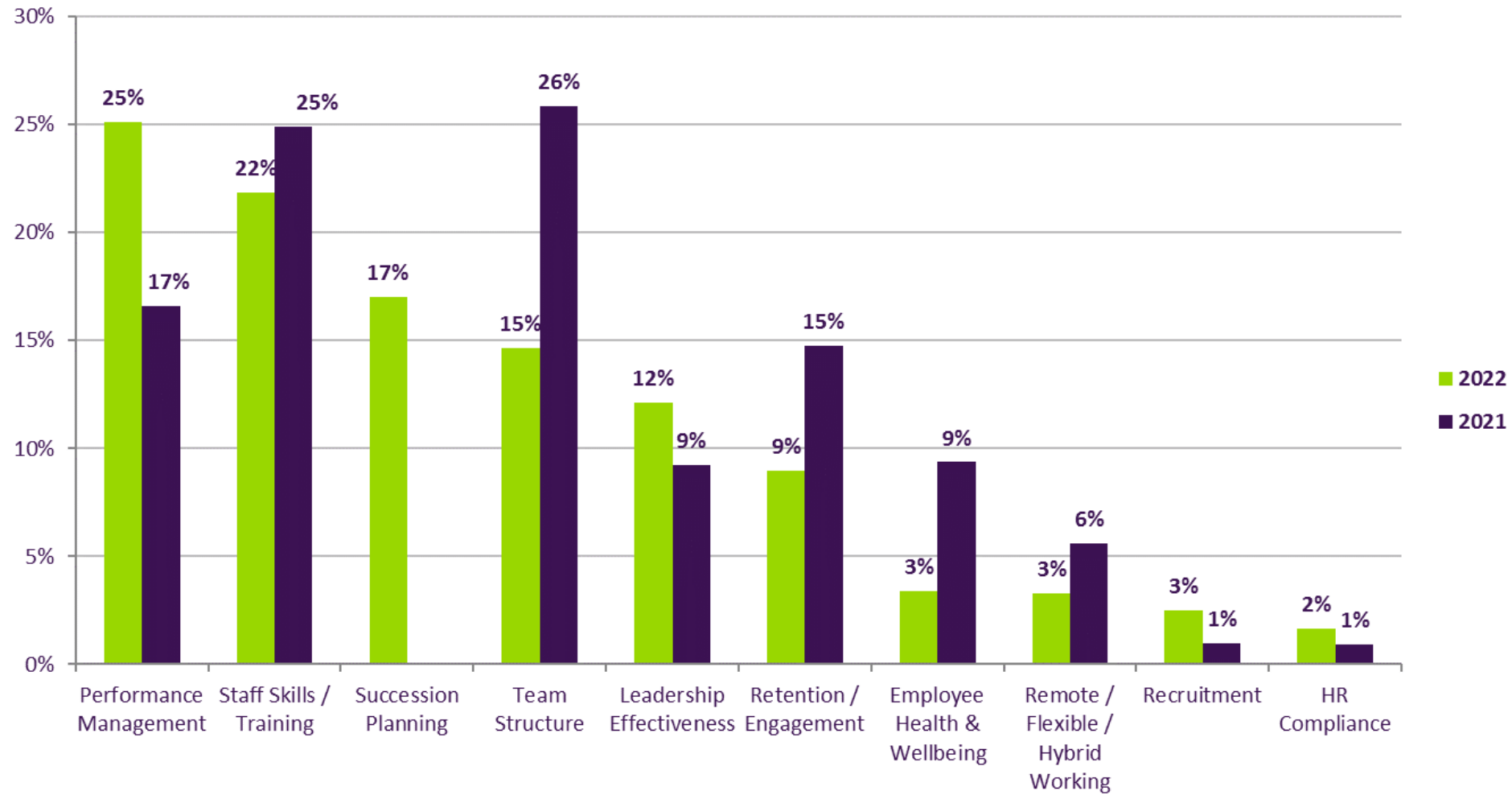
# Has there been a wage increase in the past 12 months



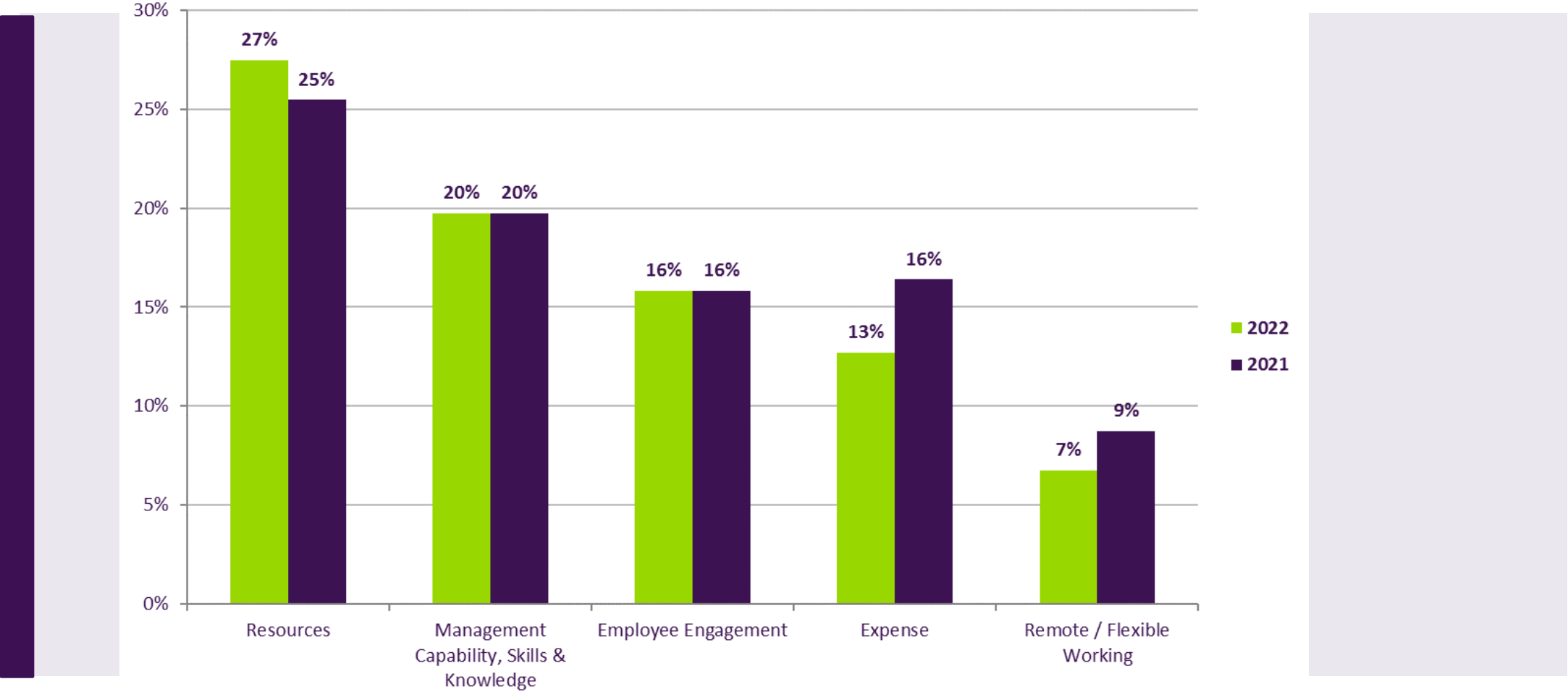
# Do you intend to increase wages in the next 12 months



# Top HR Priorities



# Obstacles to Embedding HR Framework



# REGULATORY COMPLIANCE



## Regulatory Compliance



# Resourcing of Regulatory Functions

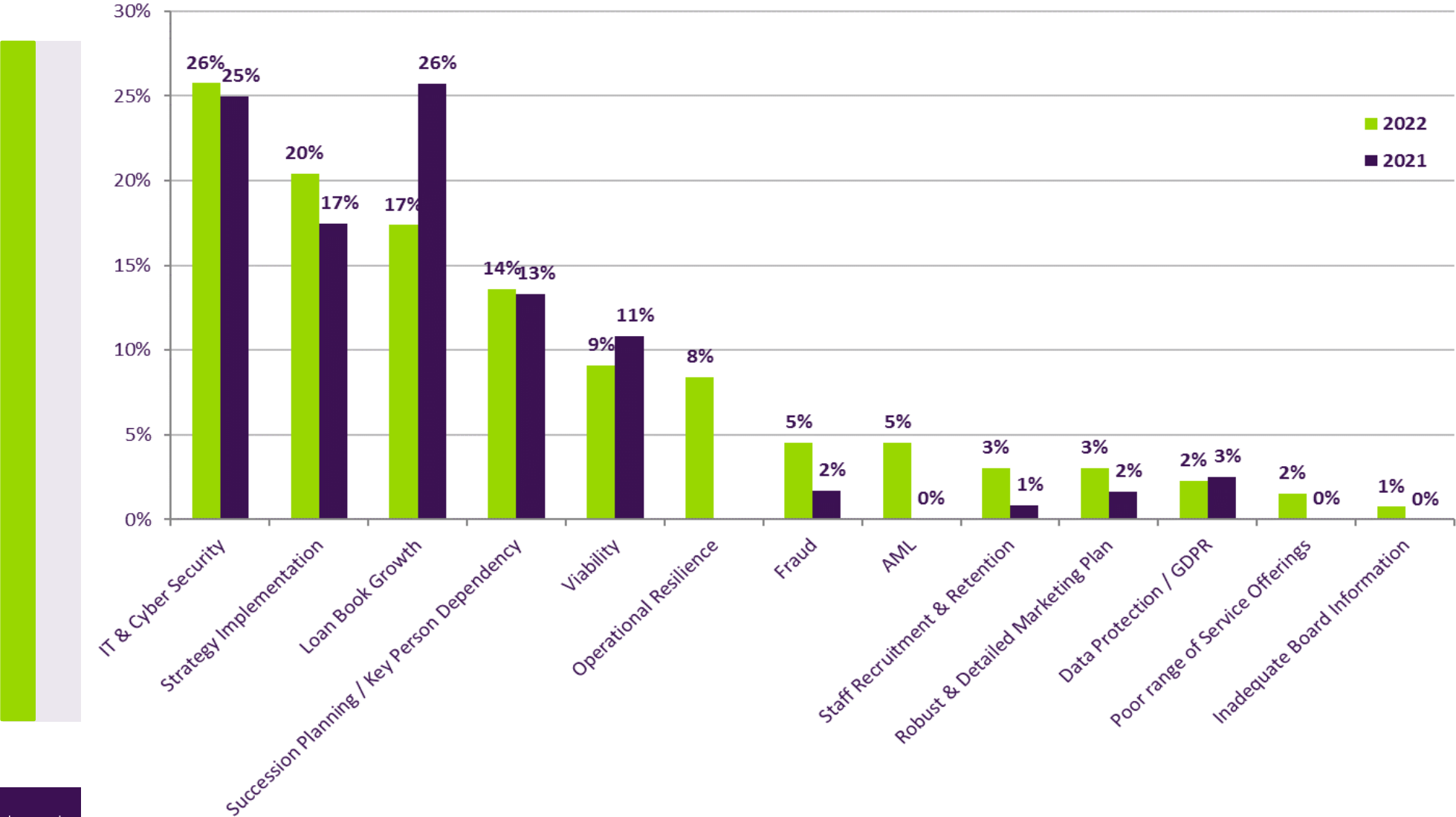
		2022	2021		2022	2021		2022	2021	
	Function	In-house			Outsourced			Shared		
	Risk Management	46%	40%		52%	60%		2%	0%	
	Compliance	43%	45%		50%	55%		7%	0%	
	Data Protection	64%	70%		27%	30%		9%	0%	
	AML	95%	98%		5%	3%		0%	0%	
	Human Resources	50%	58%		36%	28%		14%	15%	

# Obstacles to Embedding Regulatory Functions

- Time and Resources rated as biggest obstacle at 27% (2021 – 29%)
- Skills, Knowledge and Training – 20% (2021 – 20%)
- Cost -18% (2021 – 19%)
- Regulatory Changes & Burden - 18% (2021 – 22%)
- Board Participation, Challenge and Contribution rated as smallest obstacle - 13% (2021 – n/a)



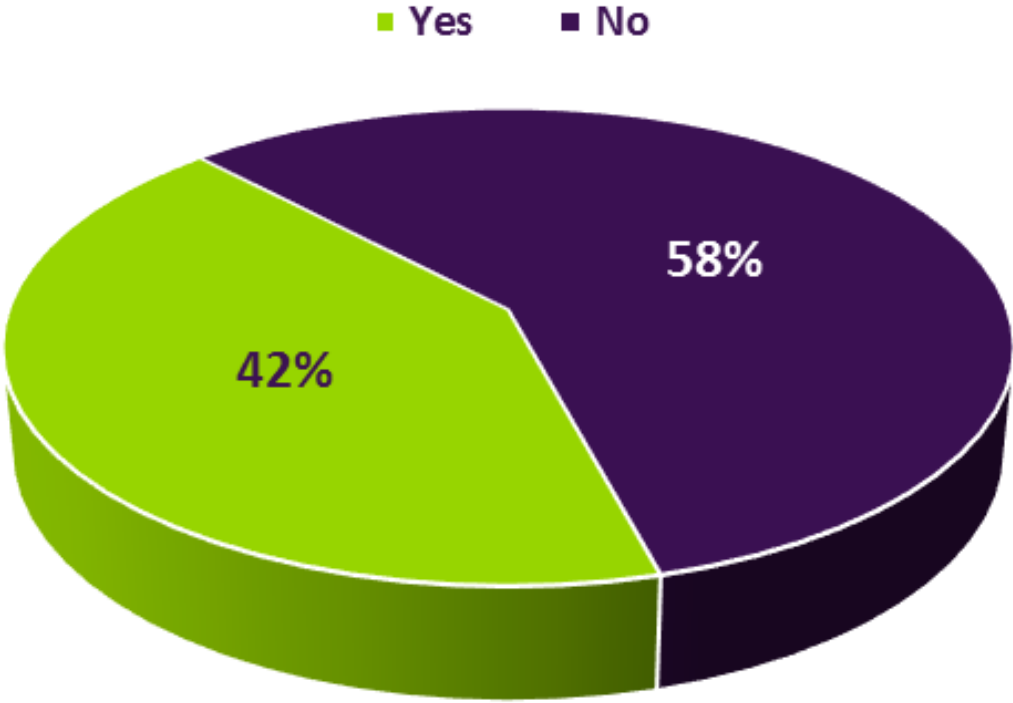
# Top Risks Identified by Credit Unions



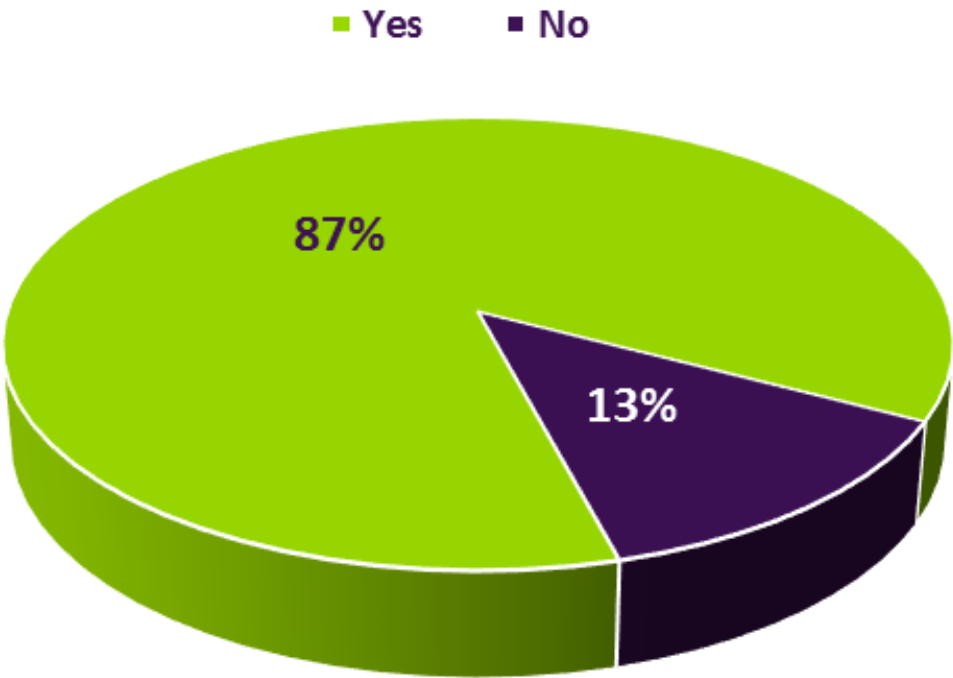


# Climate Change/ESG

# Credit Unions with a Climate Change/ESG Policy



# Credit Unions with Climate Change/ESG Policy Included in Strategic Plan





Cyber

# Cyber Awareness

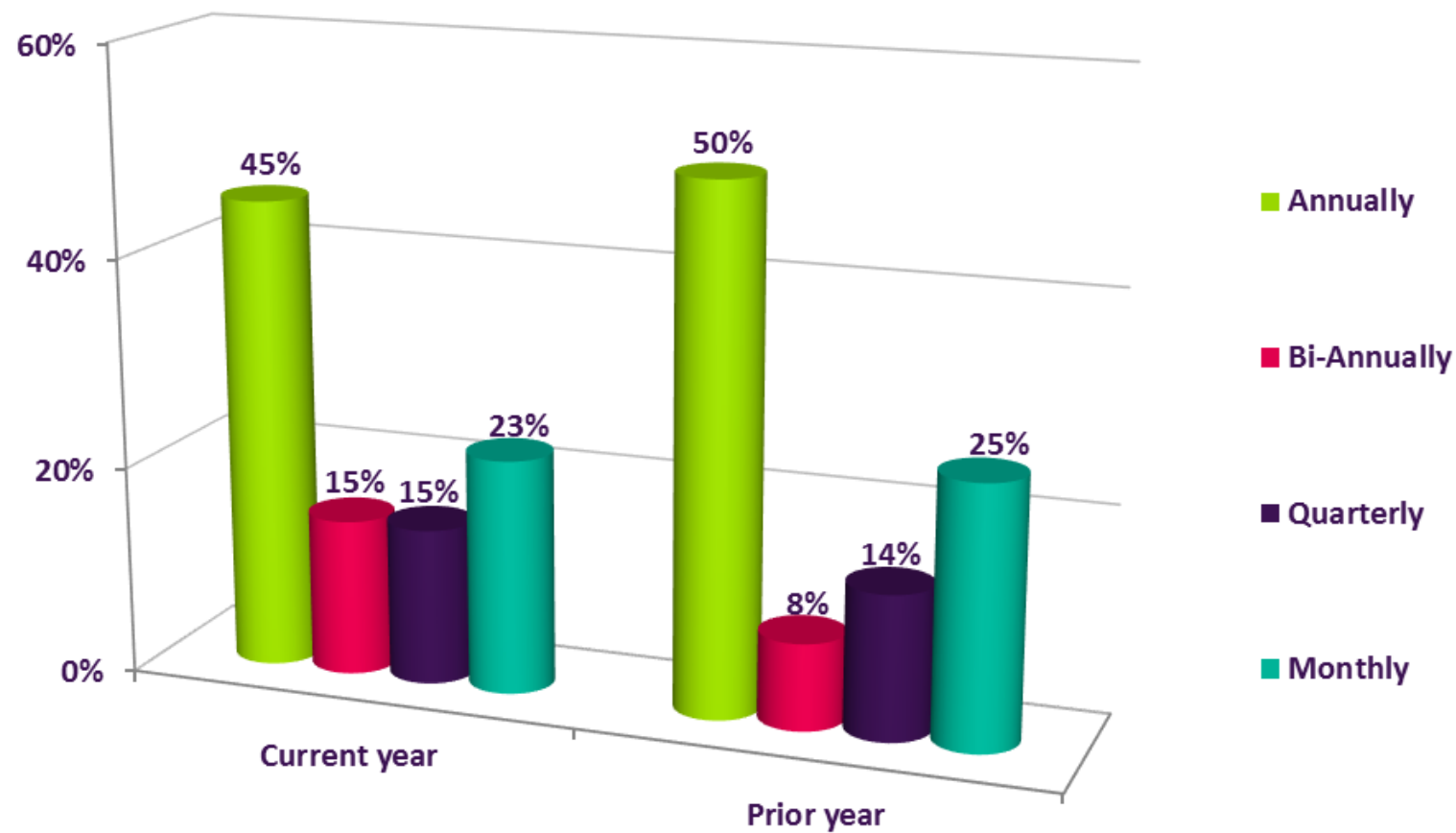


## How Cyber aware are your staff on a scale of 1 to 5

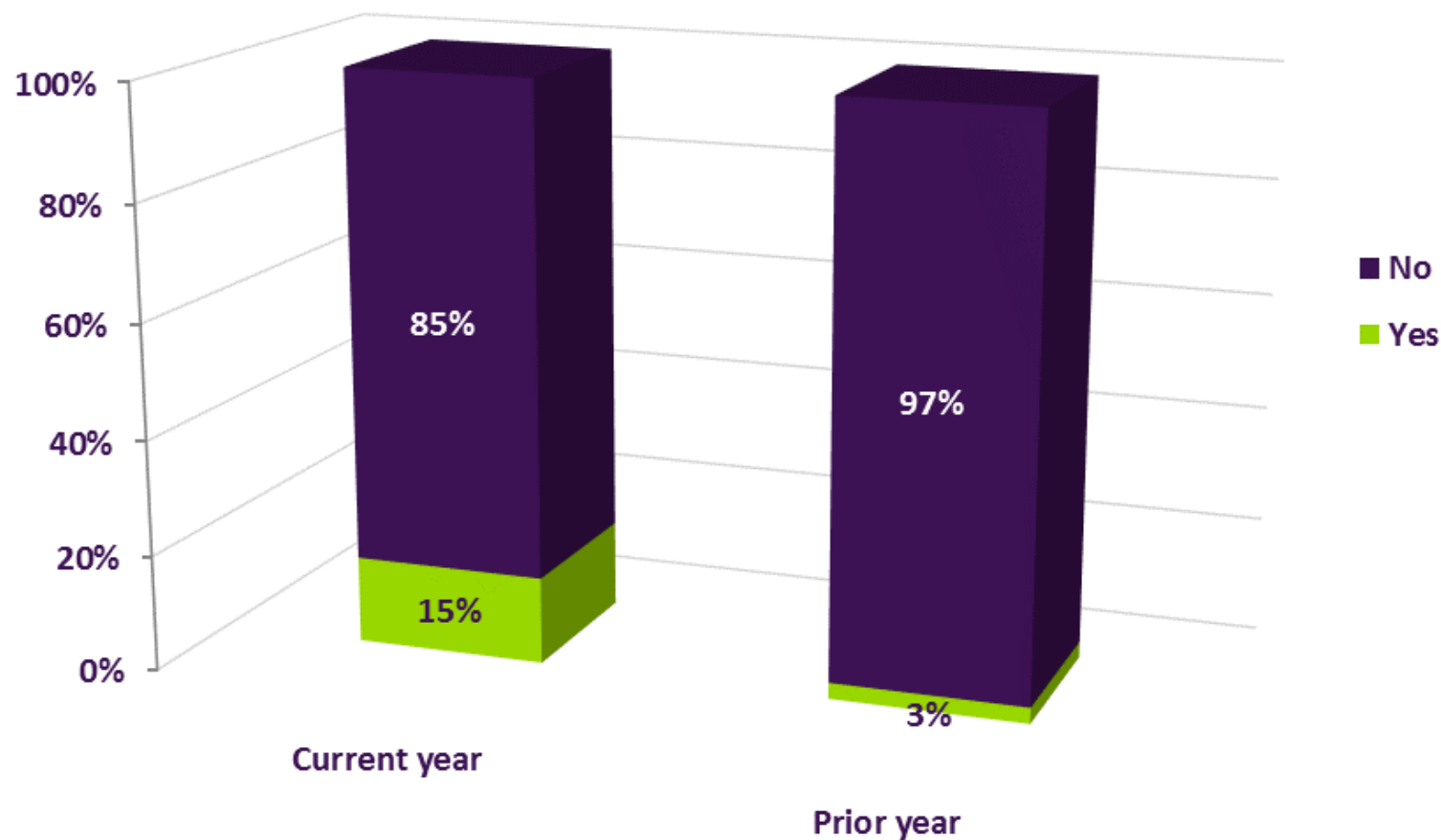
- 30% of our Sample felt their Staff were very cyber aware with a score of 5 (Last year – 19%).
- 50% of our sample felt their Staff cyber awareness was a 4 (Last year – 56%).
- 20% felt Staff were moderately cyber aware and scored a 3 (Last year – 22%).
- 0% scored their Staff less than 3 (Last year – 3%)



# Frequency of Cyber Awareness Training



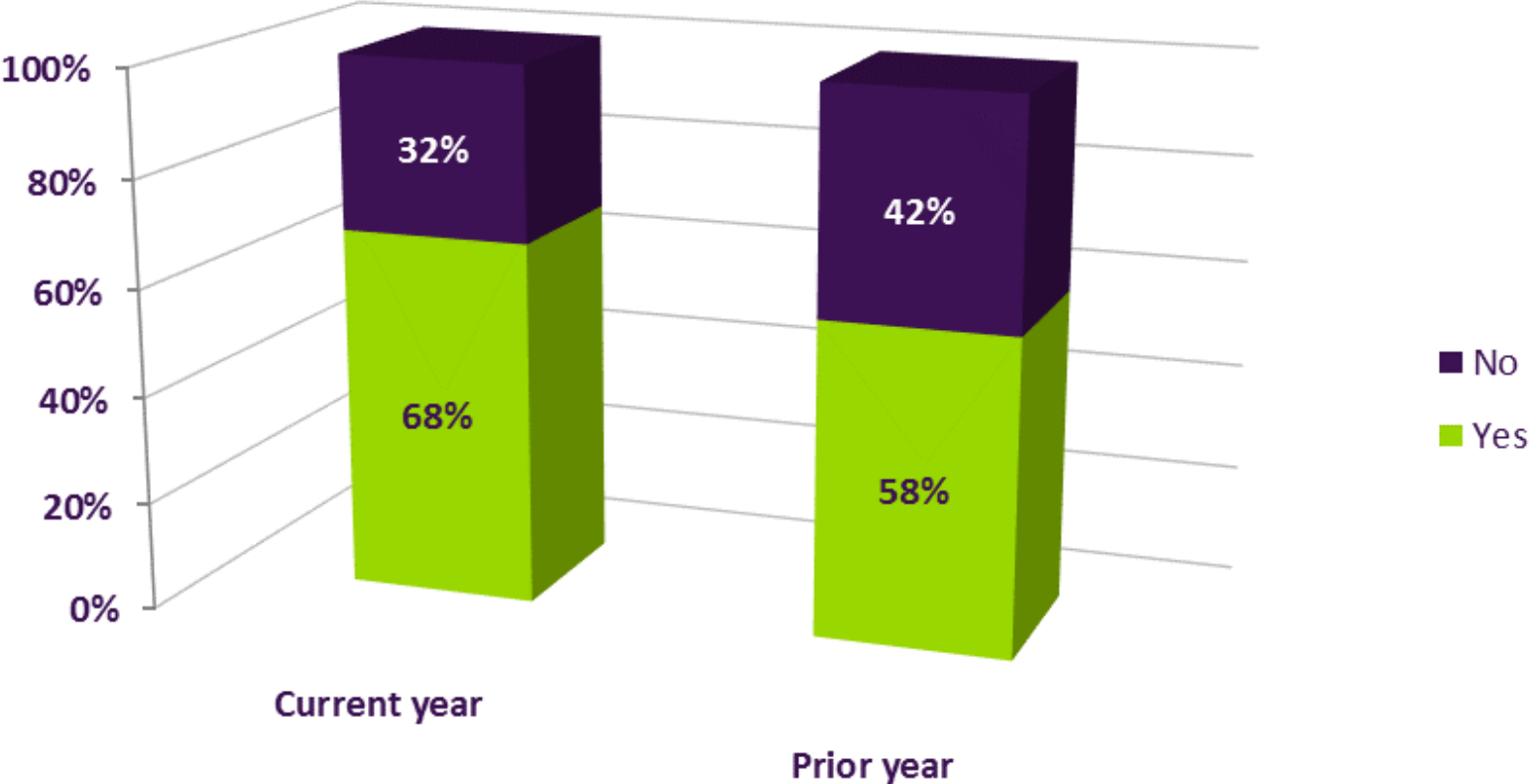
# Have you had any known Cyber Attack in the last 12 months?



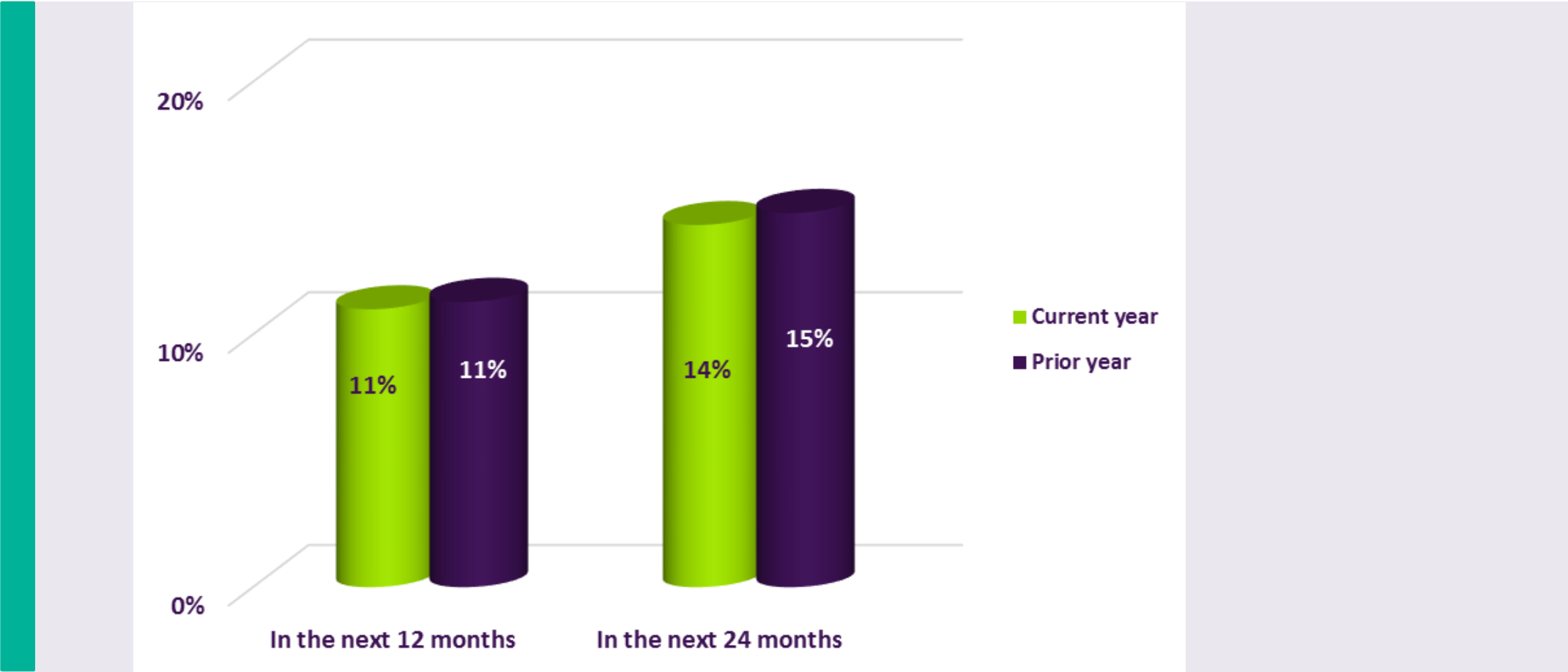


# Strategy

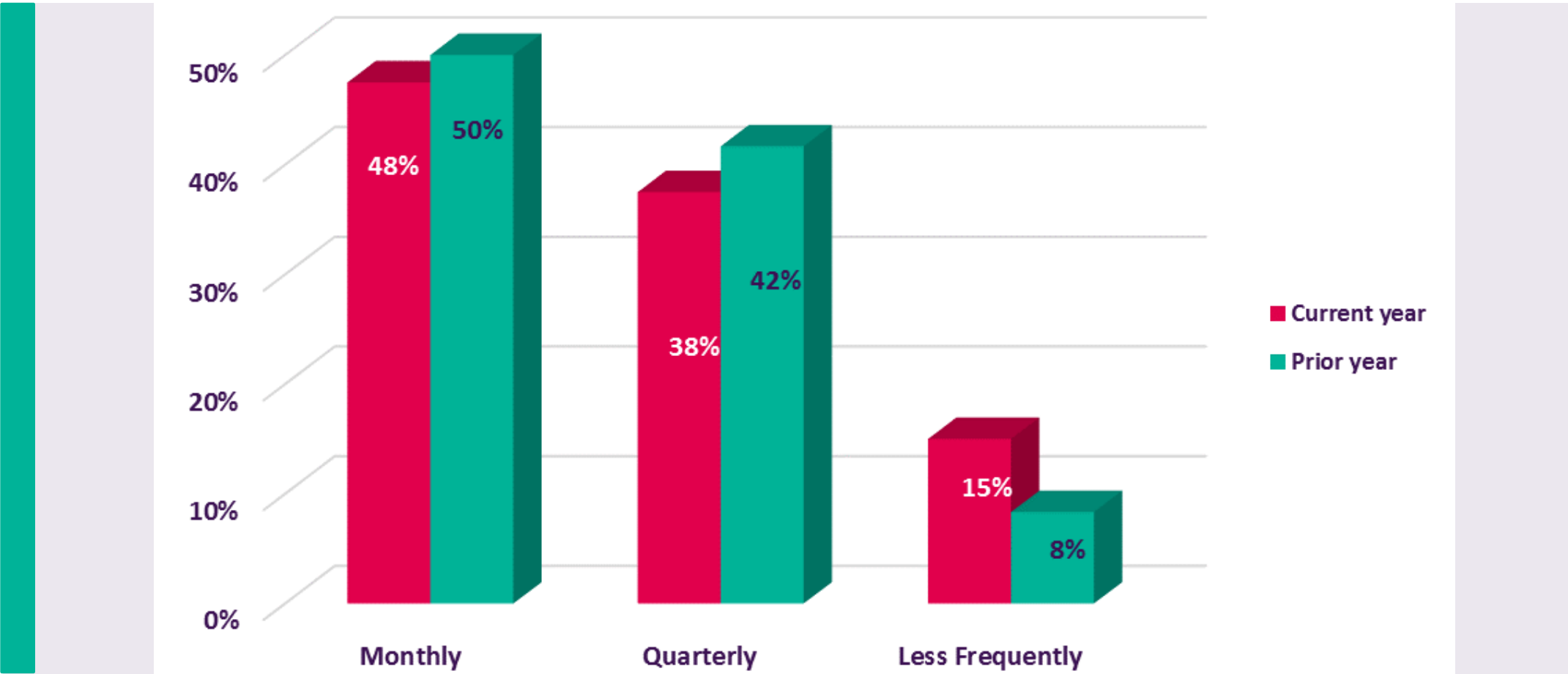
# Day Out Taken to Review and Update Plan



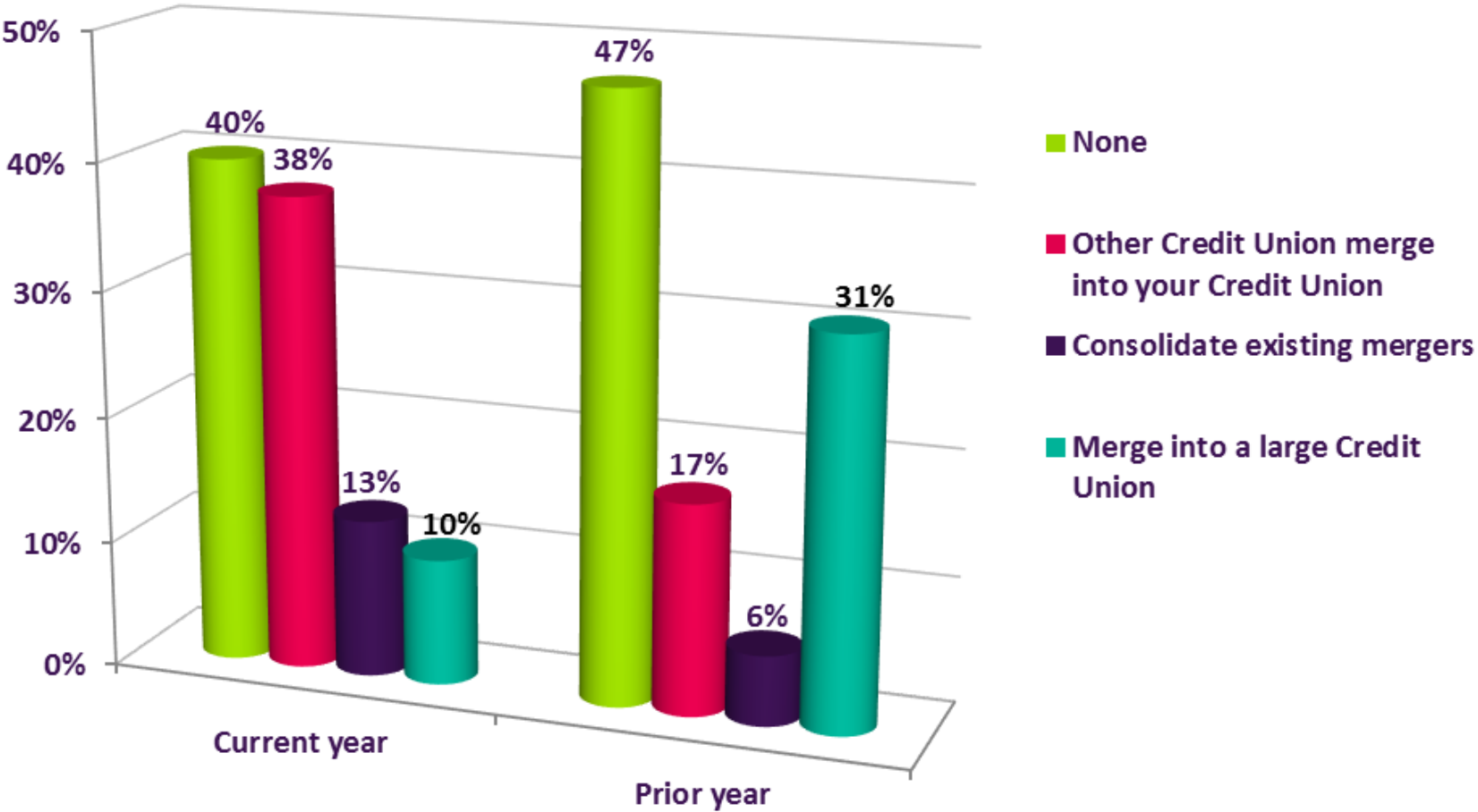
# Concerns over viability in the next 12 & 24 months



# Monitoring of Strategic Plan



# Merger Plans in next 3 years

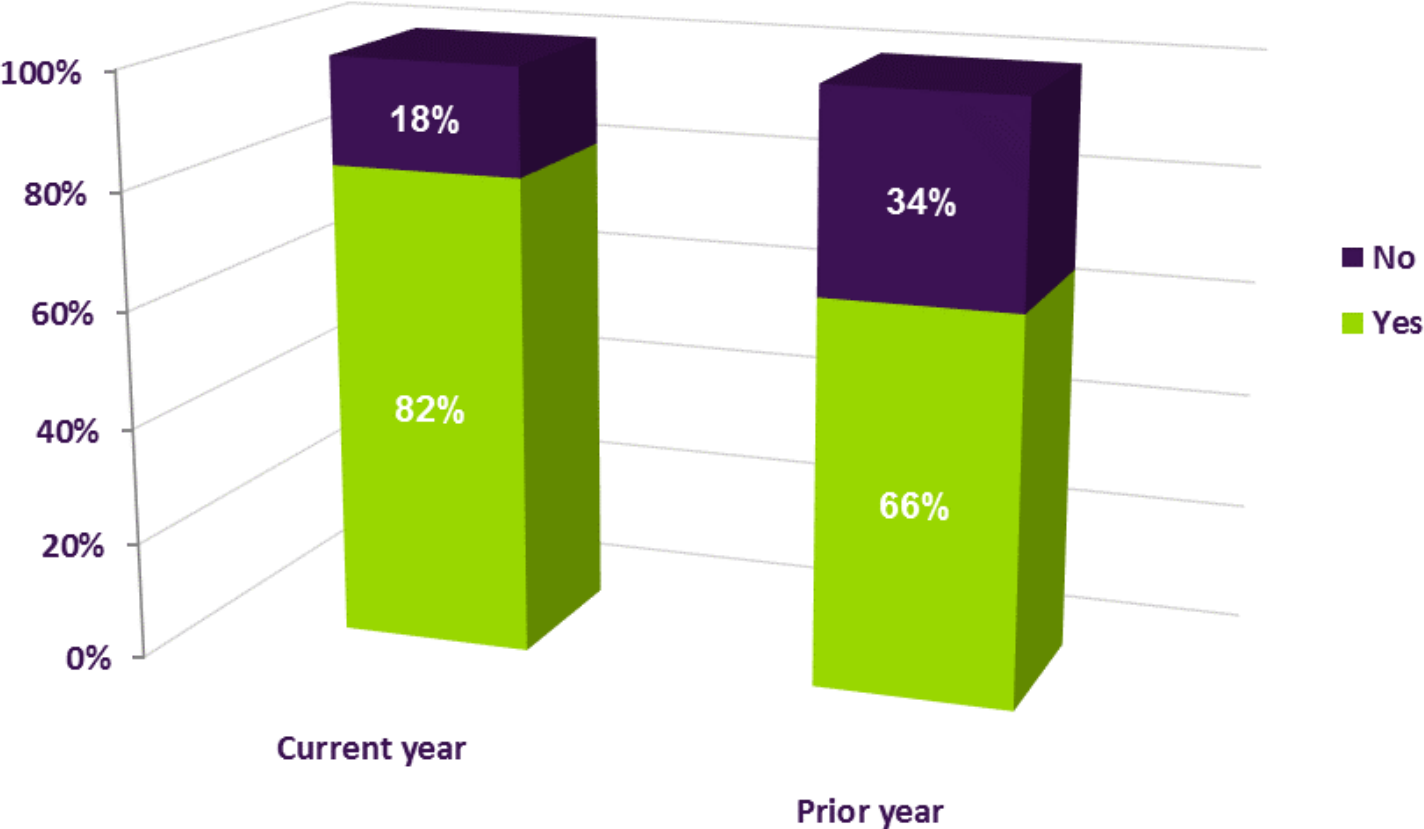




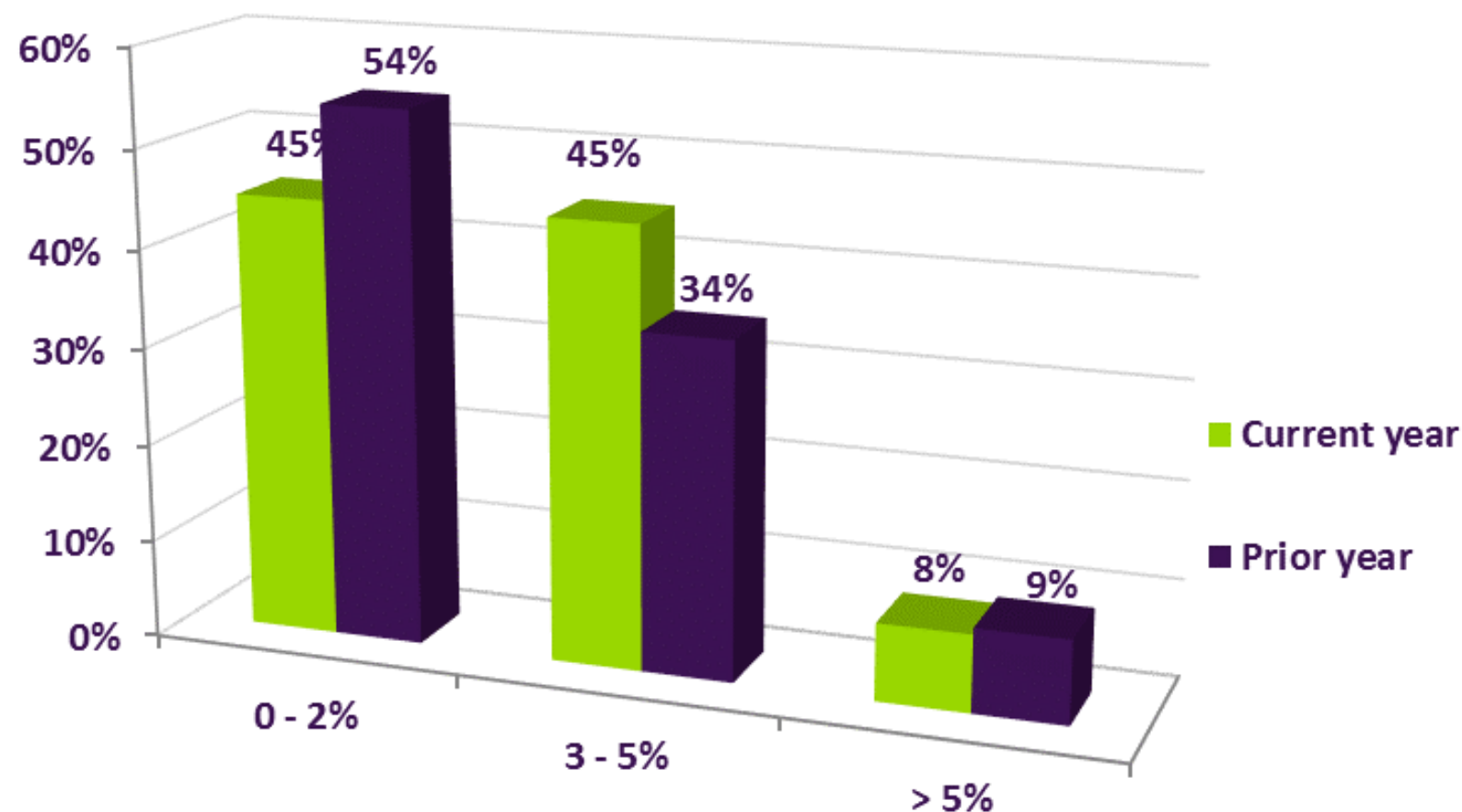
# Marketing



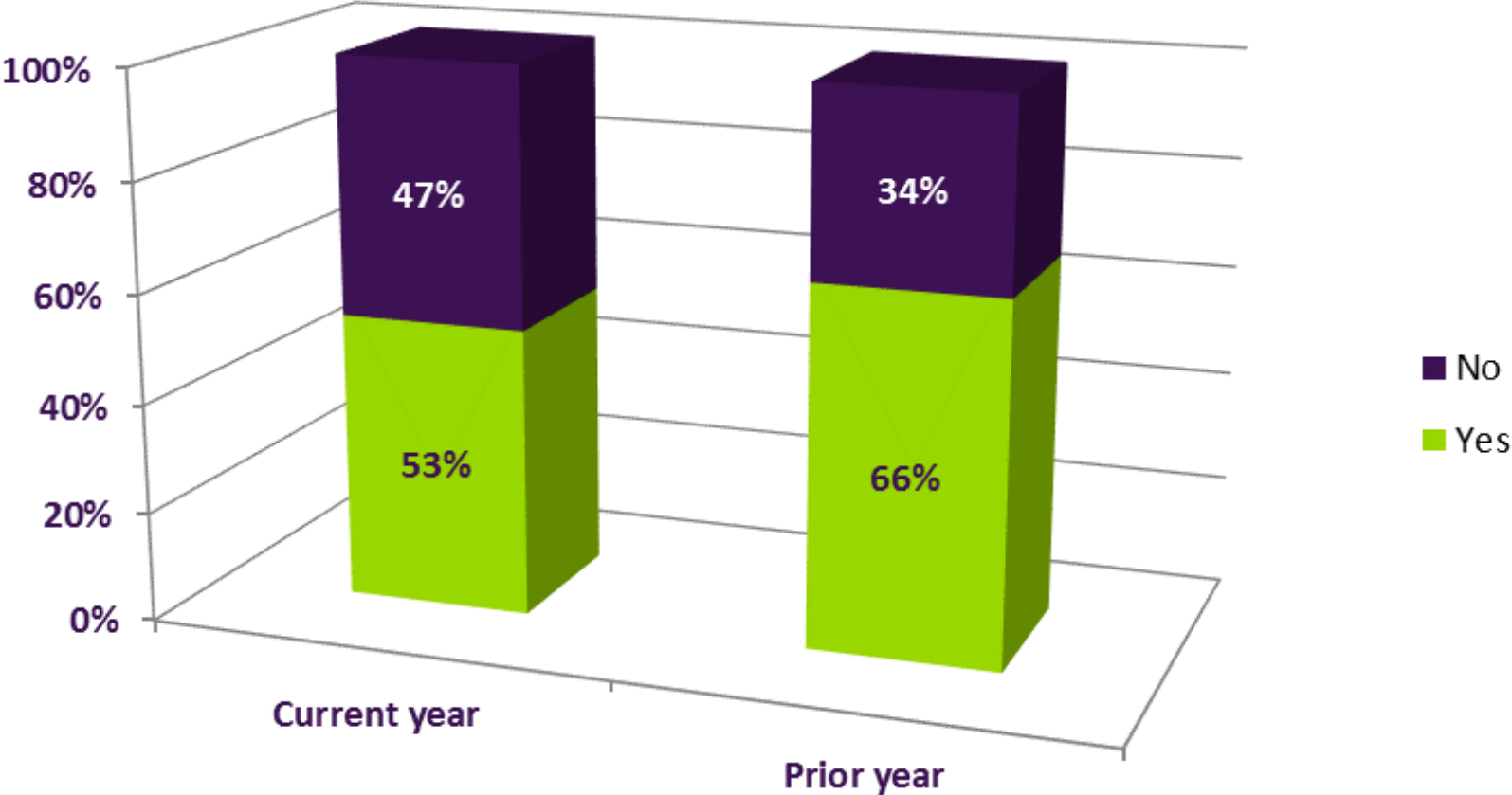
# Credit Unions with a specific/separate Marketing/Bus Development Function



# Marketing Budget % of Total Income

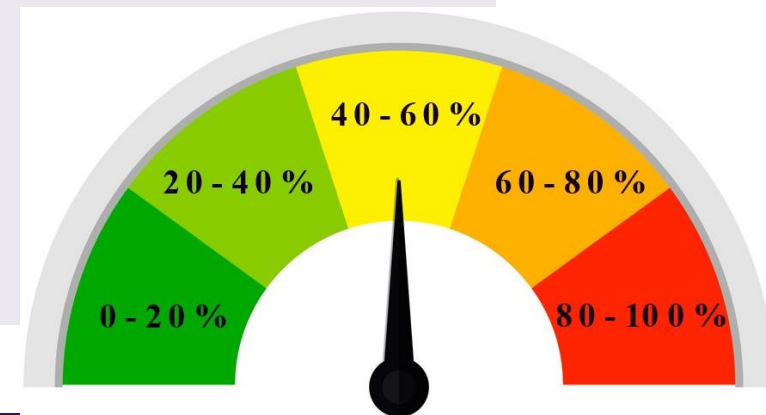


# Respondents with Strategic Marketing Plan for Growing the Loan Book

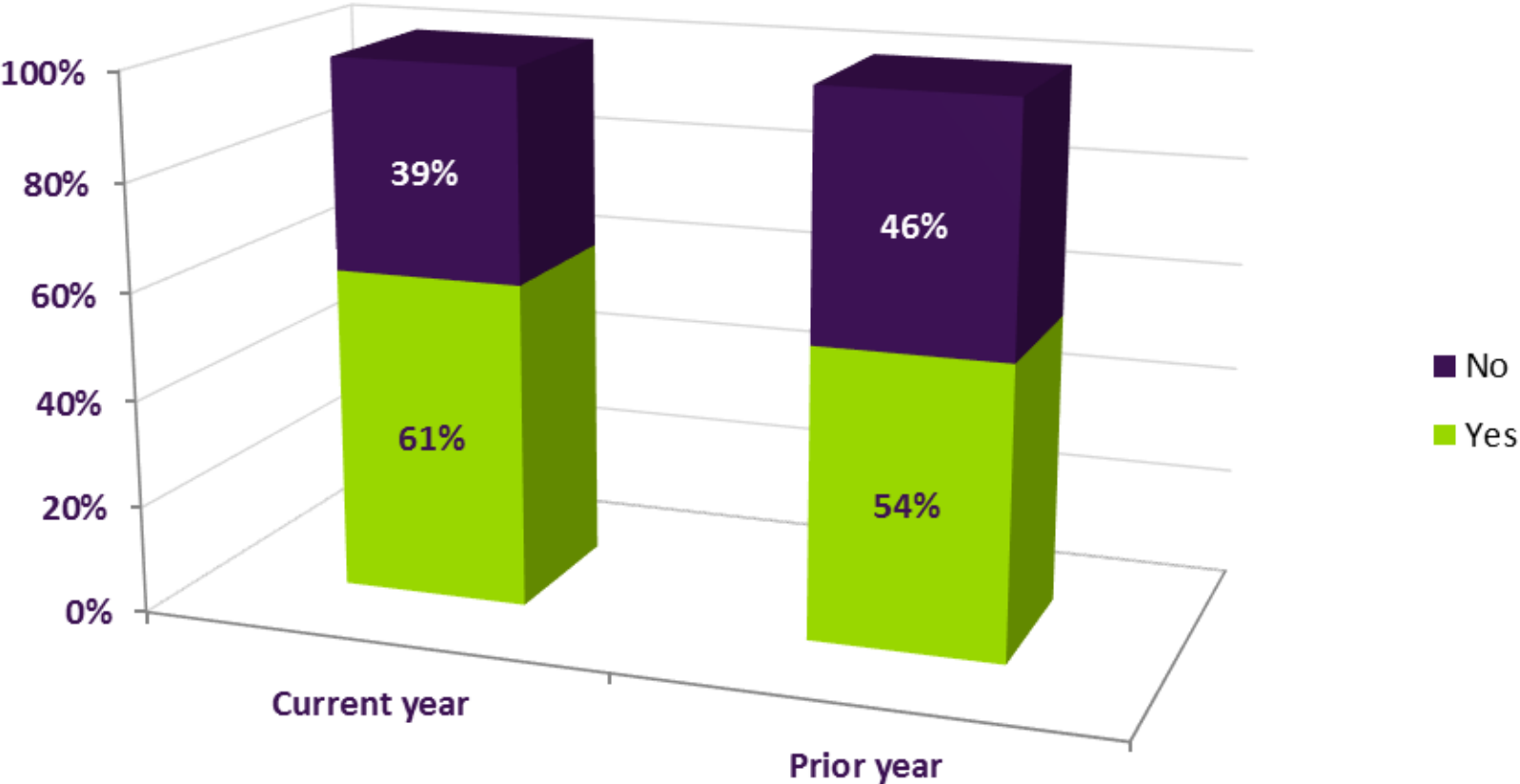


# Effectiveness of Marketing and Business Development Functions

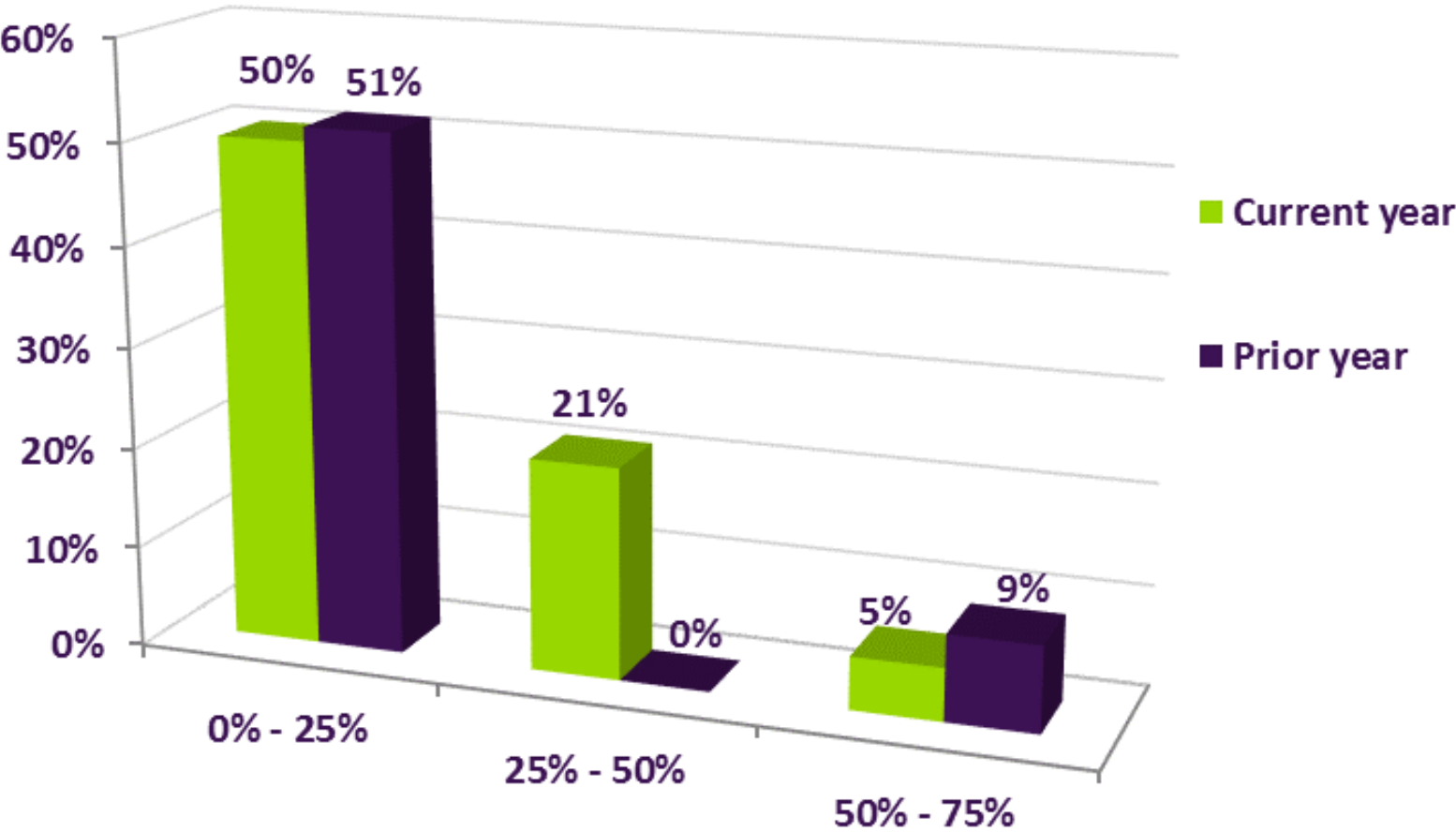
- 24% felt that the function scored a 4/5 in terms of effectiveness (Last year – 31%)
- 37% felt that the function scored 3/5 in terms of effectiveness (Last year – 37%)
- 21% felt the function scored 2/5 in terms of effectiveness (Last year – 20%)
- 5% felt the function scored 1/5 in terms of effectiveness (Last year – 6%)
- 13% of respondents felt the function scored 5/5 (Last year – 6%)



# Credit Unions that have Collaborated on Products and Services



# Members Registered Online



# Summary and Conclusions

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## Positives

- Increasing loan books and Loan to Asset Ratios– returns to post Covid levels of lending.
- Reserves levels are still stable & strong
- Bad debt provision ratios falling representing better quality lending
- Credit Union Brand and reputation strong

# Summary and Conclusions

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## Areas for Improvement

- Bringing a strategic dimension to business development and marketing
- IT and Cyber awareness
- Performance management of staff
- Monitoring the Strategic plan and its implementation
- Reducing the Cost to income ratios
- Greater collaboration needed





**Questions?**



# Thank you



**We're by your side**

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