



NEWS RELEASE

For Immediate Release

March 27, 2014

Credit Unions Require Same Oversight and Standards as Banks

VICTORIA – Auditor General Russ Jones’ latest report examines how government regulates and supervises British Columbia’s (BC) credit unions, and administers the credit union deposit insurance fund.

“Credit unions have evolved to become as sophisticated and complex as banks and require the same oversight. The Province is working towards meeting international industry standards to ensure the supervision of credit unions is at the same level as other major banking institutions in Canada,” said Jones. These global standards and best practices encourage the early identification of potential problems and proactive intervention by the Financial Institutions Commission (FICOM), the government arm responsible for credit union oversight.

Unlike banks, credit unions are owned by their members. As of June 30, 2013 British Columbia has 43 credit unions, where almost 1.9 million members have over \$50 billion of insured deposits. The insurance is provided by the Credit Union Deposit Insurance Corporation of British Columbia.

The audit found that FICOM uses an appropriate supervisory framework for monitoring BC credit unions. Now it requires the staff to implement the framework fully. FICOM conducts on-site reviews of BC credit unions to establish their risk rating, which determines the degree of monitoring required by FICOM. At the time of our audit, just over half of these reviews were over two years old. Additional staff would allow for more timely reviews and early identification of concerns so FICOM can address problems in a timely manner.

“FICOM has been trying since the fall of 2013 to hire 17 staff, almost 25% of the division of FICOM responsible for monitoring credit unions, but without success,” said Jones. “With this shortage of staff, it would take over 14 years to review all of BC’s credit unions instead of FICOM’s intended target of two to three. The ministry needs to work with FICOM to resolve this issue.”

The audit includes other recommendations to improve the effectiveness of the credit union monitoring program, including completing an appropriate plan for insurance payments to depositors, should it be necessary.

The full report is available on the Office of the Auditor General website at [Credit Union Supervision in British Columbia \(www.bcauditor.com/pubs\)](http://www.bcauditor.com/pubs). Auditor General Russ Jones will answer questions pertaining to the report via a news conference and in-person should a visual be required after the news conference.



OFFICE OF THE
Auditor General
of British Columbia

News Conference Date: Thursday, March 27, 2014

Time: 1 p.m. (Pacific time)

Dial-in Information:

From Vancouver: 604 681-0260

From elsewhere in Canada and the USA: 1 877 353-9184

Participant Pass Code: 44848#

During question and answer period, to ask a question: Press 01

During question and answer period, to exit the question queue: Press #

About the Office of the Auditor General of BC

The Auditor General is a non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly. The *Auditor General Act* empowers the Auditor General and staff (known as the Office of the Auditor General or OAG) to conduct audits, report findings and make recommendations.

2014/15 Report – Credit Union Supervision in British Columbia - www.bcauditor.com/pubs

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