

IOWA CREDIT UNION DIVISION

REGULATION, OVERSIGHT AND COMPLIANCE OF IOWA STATE LAWS AND RULES

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10 FIELD EXAMINERS
2 DIVISION OFFICE STAFF

100%
of credit unions
examined within
statutory requirement

1925
Iowa Credit Union
Act established

89
average hours of
examiner training/year

Chapter 533
Iowa Code Chapter pertains
to credit union state law

IOWA
CREDIT UNIONS



83

state-chartered
credit unions



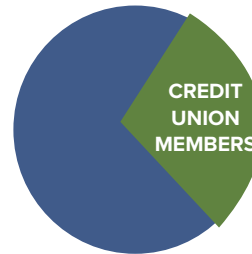
21

billion dollars in
regulated assets

Credit Unions serve
all 99 counties in



POPULATION OF IOWA • **3.2 MILLION**



1.3 MILLION

members



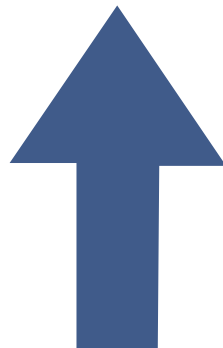
member-owned, volunteer
board oversight

* Information as of 12/31/2019

HEALTH OF IOWA
CREDIT UNIONS

10.7%

collective net worth ratio



ASSET GROWTH

2.3%

LOAN GROWTH

6.4%

MEMBER GROWTH

1.1%

CAMELS Ratings
(National Risk Rating System)

Iowa Credit Unions	Score
24%	1
63%	2
12%	3
1%	4
0%	5

*Information for FY19



Efficient, Effective Regulation

Iowa Division of Credit Unions

Katherine E. Averill, Superintendent

FY21 Budget Request Hearing

February 11, 2020

Mission Statement

To safeguard the interests of credit union depositors and shareholders through the effective administration and execution of the laws relating to credit unions.

Vision Statement

To provide for a regulatory environment in which Iowa credit unions can prosper, operate in a safe & sound manner, and meet the financial service needs of their members.

FY20 Authorization	\$2,204,256.00
FY21 Request: Status Quo	\$2,204,256.00

The Division is funded entirely through industry fees administered by the Department of Commerce Revolving Fund. The credit unions are assessed fees twice a year only for the actual costs of the Division.

Credit Unions give Iowans options in their financial service needs by creating a competitive business environment in which the industry and the members can thrive. Providing a strong regulatory environment is essential to the continued success of the credit union industry in Iowa.

About Iowa State-Chartered Credit Unions:

83 State-Chartered Credit Unions
1.3 Million Members

Financial Data:

21 billion dollars	Regulated assets
10.7%	Iowa Collective Net Worth Ratio
2.3%	Asset Growth
6.4%	Loan Growth
1.1%	Member Growth

*As of 6/31/19

Iowa Credit Union Division Staff:

- *15 FTE
- *Examination team based in Des Moines and Eastern Iowa.
- *Highly trained and skilled staff.
- *Staff succession due to retirement and job transitions continues to be a focus.
- *Review Board has all appointed positions filled.

Key Accomplishments:

- *All state-chartered credit unions were examined within the statutory required period (24 months).
- *Regulatory Guidance documents were reviewed and updated, eliminating unnecessary or outdated guidance given to credit unions.
- *Superintendent serving on a state/federal system committee giving Iowa a national voice and perspective.
- *Document of Cooperation between IDCU and the NCUA signed.

Division and Industry Considerations:

**Technology System:* Our technology system is a main resource for examiners. This database contains highly sensitive information. We have launched a new internal portal developed and implemented by OCIO. This project, in the second year of three years, is on-track and within budget parameters. This project was designed to increase data security and functionality for the Division staff. We are also utilizing a Secure File Transfer Portal for added security and flexibility.

**Cyber security:* Cyber security risk continues to be a focus of the entire financial services industry. We have examination attention in this area to monitor the mitigation of this risk. The Division also continues to review and maintain internal cyber security.

**Consolidation:* Credit Union mergers continue in Iowa consistent with national statistics and the banking industry. The merger process involves extra staff resources and additional on-site hours at credit unions to fully analyze and complete. Although there are fewer credit unions, the total assets regulated and complexity continue to grow.

**Complexity:* With the continued evolution of the financial industry comes sophistication of asset management, lending and investments. In addition, the regulatory environment (including the NCUA, FFIEC, FinCen and Federal Reserve) continues to change and evolve. It is imperative that we have examiners with the necessary level of expertise and training to keep pace with the evolving regulatory landscape.

Emerging Issues:

**Bank Acquisitions:* IDCU has received two applications from state-chartered credit unions to acquire assets of banks that are dissolving. When analyzing these, we work with other state and federal regulators to ensure all transactions are legal and are within the boundaries of safety and soundness.

**Hemp/Marijuana industry banking:* With new regulation from the USDA regarding hemp and neighboring state legalization of adult use marijuana, our financial institutions are posing more questions to their regulators. The Division is pro-actively monitoring this topic with dedicated staff in an evolving state and national landscape.

**Financial Literacy:* The Superintendent is leading an inter-agency group to create efficiencies and share best practices of state agencies.

Number of Credit Unions by Asset Size

