



Efficient, Effective Regulation

Iowa Division of Credit Unions

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FY19 Budget Request

Administration and Regulation Appropriations Subcommittee

January 24, 2018

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.

FY18 Authorization	\$1,869,256.00
FY19 Request:	
Technology	\$255,000.00
1 Full Time Employee	<u>\$80,000.00</u>
	\$2,204,256.00

The Division is funded wholly through industry fees through the Department of Commerce Revolving Fund. The credit unions are assessed twice a year only for actual costs. The Iowa Credit Union Stakeholders and Industry has expressed support of this proposed increase.

About Iowa Credit Unions:

89 State-Chartered Credit Unions

1.1 Million Members

Over \$16 billion dollars in regulated assets ranging from the largest credit union at \$4.5 billion to \$400,000 in asset size

13% of total regulated assets in financial institutions in the state

Iowa Credit Unions Thrive:

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.

*Credit Unions directly provide 3,668 jobs providing over 732 million dollars in economic activity in Iowa (D. Swenson, Iowa State University, Dept. of Economics).

*Iowa credit unions serve 1.1 million members, reflecting a 4.5% member growth rate. Double-digit loan and share growth as well as member growth illustrate that members depend on Iowa credit unions to meet their savings and borrowing needs (Callahan and Associates).

*The Iowa Credit Union Division works closely with the NCUA (National Credit Union Association), who insure our state-chartered credit unions. This relationship gives us a national perspective and helps provide additional training for our examiner staff.

Changes and Challenges:

*Technology: Our current technology system is a main resource for examiners to work off- site of credit unions. This database contains highly sensitive information. The current system, supported by OCIO, is outdated and is becoming obsolete. The likelihood of breach is present in this current state. This is an extensive project that may take up to 3 years to complete. We are currently working with OCIO for a cost-effective solution that meets our needs.

*Complexity: Iowa credit unions continue to be a leader in loan growth of credit unions nationwide. Regulatory challenges continue. Sophistication of asset management and products also continue. It is imperative that we have examiners with the necessary level of expertise and training to keep pace with the evolving industry.

*Mergers: Iowa has seen an increase in mergers in the last 5 years due to various reasons. The merger process is thorough and involves extra attention and on-site hours of staff to fully analyze and complete the merger process.

Focus, Goals and Vision:

Our focus is the safety, soundness and sustainability of credit unions in Iowa.

Our goal is professional excellence, communication and collaboration.

Our vision is to be adaptive to the ever-changing environment in which we work; looking for new efficiencies and continuous improvements.