



BUSINESS PLAN

2020-2022

CREDIT UNION
DEPOSIT GUARANTEE CORPORATION

MESSAGE FROM THE CHAIRPERSON



I am pleased to provide the 2020-2022 business plan of the Credit Union Deposit Guarantee Corporation (the Corporation), a Crown corporation reporting to the Minister of the Department of Digital Government and Service Newfoundland and Labrador, with responsibility for the regulation of credit unions in the Province.

The Corporation is a Category 2 entity under the **Transparency and Accountability Act** that requires such public bodies as the Credit Union Deposit Guarantee Corporation (CUDGC) to prepare a three year performance based plan.

The strategic directions of Government to create a robust, stable economy are applicable to Digital Government and Service NL. Prudential oversight of the credit union system contributes to a stronger economy through stable banking and financial services.

This business plan provides an overview of the Credit Union Deposit Guarantee Corporation and identifies the strategic goal and objectives to be accomplished during the next three years. The Board of the Corporation is accountable for the preparation of this plan and for achieving the goal and objectives contained therein.



Scott Jones
Chair

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PLAN AT A GLANCE

Vision

Newfoundlanders and Labradorians have access to a credit union system that is strong, stable and successful.

Goal and Objectives:

GOAL:

By December 31, 2022, the Credit Union Deposit Guarantee Corporation will have completed a comprehensive review of our current Examination Program that supports effective prudential oversight of the credit union system in Newfoundland and Labrador.

OBJECTIVES:

1. By December 31, 2020, the Credit Union Deposit Guarantee Corporation will have reviewed National and International guidance, together with a review of updated 2009 **Credit Union Act** and Regulations.

Indicators:

- Reviewed national guidance
- Reviewed international guidance
- Reviewed **Credit Union Act, 2009** and its regulations

2. By December 31, 2021, the Credit Union Deposit Guarantee Corporation will have consulted with stakeholders and implemented changes to the Examination Program where possible.

3. By December 31, 2022, the Credit Union Deposit Guarantee Corporation will have completed the fundamental changes to the Examination Program, held regional meetings with credit unions, and obtained final Board approval.

1. OVERVIEW

The Corporation is responsible for the administration of the **Credit Union Act, 2009** and its regulations, for the stabilization of the credit union system and for providing deposit insurance to credit union members. It monitors and examines the financial affairs of credit unions and works with credit unions to resolve deficiencies identified through this process. The Corporation may impose financial and governance standards for credit unions and enforce sound business practices. It has the authority to place credit unions under supervision and to act as administrator and/or liquidator, pursuant to the **Credit Union Act, 2009**.

The Corporation has seven employees, five situated in Marystown and one in St. John's (three male and 3 female). One position is vacant. The Board has six directors (four male and two female) with three directors selected from Credit Union System nominees (Appendix B). The Chief Executive Officer is also the Superintendent of Credit Unions and Secretary/Treasurer of the Board.

The Corporation maintains a deposit guarantee fund for its purposes, which represents the accumulated assessments paid by credit unions, as well as the accumulated operating surplus of the Corporation. The Corporation is self-funding and does not access public funds for its operating needs.

In addition, the Corporation administers various credit union insurance programs provided by the Credit Union Bonding Program, a national credit union risk sharing insurance program managed by CUMIS Insurance. These insurance programs include Fidelity Bonding, Directors and Officers Liability, Corporate Errors and Omissions, Employment Practices Liability, Privacy Liability and On-line Banking.

The Corporation is an active participant in national and regional credit union related organizations. Management represents the Corporation on the National Risk Management Committee, the Credit Union Prudential Supervisors Association (CUPSA) and the International Credit Union Regulators Network (ICURN).

The Corporation's revenues are generated from deposit insurance assessments (73 per cent), premiums from other insurance programs (13 per cent) and investment income (14 per cent). The Corporation's primary operating expenses are salaries and benefits (50 per cent), insurance costs (25 per cent) and other operating costs (25 per cent) such as travel and administration. The Board of Directors of the Corporation is responsible for the approval of the budget and expenditures of the Corporation.

The credit union system in Newfoundland and Labrador is comprised of nine credit unions with offices in 36 locations, approximately 62,000 members and assets in excess of 1.3 billion dollars. The system employs 317 people.

2. MANDATE

The mandate of the Credit Union Deposit Guarantee Corporation is outlined in Section 134 of the **Credit Union Act, 2009** as contained in Appendix A. Its mandate is to protect the qualifying investments of credit union members. The Corporation facilitates the financial stability of the credit union system by requiring credit unions to comply with legislation and exercise sound business practices.

3. LINES OF BUSINESS

The Credit Union Deposit Guarantee Corporation provides the following lines of business to its primary clients:

1. Regulation of Credit Unions
2. Deposit Insurance
3. Stabilization

Regulation

The Corporation regulates credit unions through its examination, monitoring and enforcement activities.

Examination

Every two years, or more frequently if required, the Corporation examines credit unions for compliance with legislation and sound business practices.

The Corporation also performs monthly desk audits using an inquiry program accessing the credit union's on-line database, which identifies any potential high risk transactions which are investigated.

Monitoring

Monthly, quarterly and annually, the Corporation receives financial statements and other regulatory reports from credit unions. Reports are reviewed and, if necessary, remedial action is taken. Annually, the Corporation also reviews independent audited

statements of credit unions prepared by accountants licensed under the **Chartered Professional Accountants and Public Accountants Act**.

Enforcement

Credit unions that remain non-compliant are assessed fines and penalties pursuant to legislation and/or are placed under supervision by the Corporation.

Deposit Insurance

The Corporation provides deposit insurance on deposits of credit union members equal to a maximum \$250,000 per insured deposit. There are six insured deposits, including:

- Basic deposits
- Joint deposits
- Registered Retirement Savings Plans (RRSP'S)
- Registered Retirement Income Funds (RRIF'S)
- Tax Free Savings Accounts (TFSA'S)
- Trust accounts

Stabilization

The Corporation stabilizes credit unions through supervision, training and risk management activities.

Supervision

Credit Unions experiencing on-going difficulties are placed under supervision. The degree of supervision depends on the severity of the problem. The supervision process could involve requiring a credit union to prepare a plan to address the problem creating the difficulty, and monitoring for compliance, or replacing the Board of Directors and merging the credit union with another credit union or eventually winding up a credit union.

Training

Under legislation, the Corporation may prescribe the minimum level of training for a director or officer of a credit union. The Corporation encourages training of directors in good corporate governance practices by financially supporting director training.

Risk Management

The Corporation administers six insurance policies on behalf of the credit union system. The six policies are Bonding, Directors & Officers Liability, Corporate Errors and Omissions, Employment Practices Liability, Privacy Liability and On-line Banking. The Corporation also serves as the provincial representative on the Master Policy Holder Committee and the National Risk Management Committee.

4. VALUES

The Corporation believes in carrying out all its responsibilities in a co-operative, equitable, respectful and professional manner. It encourages staff to reach their full potential through ongoing training and development. The following values are those that the Board has identified to focus on during this planning cycle.

Accountability:

Each employee will work to ensure that the commitments of the business plan are fulfilled and the results of the plan are released in a timely and accurate manner.

Professionalism:

Each employee will avail of learning opportunities to ensure that they have the appropriate skills and knowledge required for their job responsibilities.

Respect:

Each employee will consider the opinions and points of view of others.

Confidentiality:

Each employee will take all necessary precautions to safeguard client information within the context of their legal responsibilities.

5. PRIMARY CLIENTS

The Credit Union Deposit Guarantee Corporation identifies its primary clients as those individuals, groups or organizations who are the primary users and/or beneficiaries of the Corporations lines of business and include the following:

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1. Credit Unions
 2. Credit Union Members

6. VISION

Newfoundlanders and Labradorians have access to a credit union system that is strong, stable and successful.

7. ISSUE

Examination Review

Business plan 2020-2022 will focus on one issue- ensuring the examination program is appropriate for the needs of the regulator; the Credit Union Deposit Guarantee Corporation. The purpose is to ensure effective regulatory oversight of the credit union sector and second, to ensure the examination program is updated and is in keeping with the changing risk environment that supports effective prudential oversight of the credit union system in Newfoundland and Labrador.

There has been a direct correlation between effective prudential oversight, the success of the Credit Union Deposit Guarantee Corporation and the credit union system over the years. The Credit Union Deposit Guarantee Corporation believes there is a need to complete the examination program review given the ever-changing financial services, as well as recent legislative changes.

GOAL:

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8. APPENDIX A - MANDATE

Legislated Mandate (Source: **Credit Union Act, 2009** Chapter C-37.2)

134. The duties of the guarantee corporation are:
- (a). to provide, for the benefit of persons having deposits with credit unions in the province, deposit insurance against loss of part or all of those deposits by making payments to the depositors to the extent and in the manner authorized by this Act;
 - (b). in those circumstances that the guarantee corporation considers appropriate, to provide assistance to credit unions for the purpose of stabilization or for the orderly liquidation of a credit union;
 - (c). to protect deposits in credit unions against impairment arising from financial losses and insolvency by
 - (i). promoting the development and implementation of sound business practices and sound financial policies and procedures by credit unions; and,
 - (ii). establishing and implementing loss prevention programs and other controls;
 - (d). to act as supervisor of a credit union; and,
 - (e). to do those other things that may be required or authorized by this Act or the regulations.

9. APPENDIX B – DIRECTOR PROFILES



Scott Jones
Chair

Scott Jones is the Assistant Deputy Minister of Regulatory Affairs (Acting), Department of Digital Government and Service NL, Government of Newfoundland and Labrador. He has held this position and has been Chair of the Board for the Credit Union Deposit Guarantee Corporation since November 2019. Mr. Jones' most recent position was Director of Literacy and Institutional Services and Superintendent of Private Training Institutions with the Department of Advanced Education, Skills and Labour. Previously, he held other senior positions of a financial nature with the Province. He holds a Bachelor of Commerce (Co-op) from Memorial University and is a Chartered Professional Accountant (CPA) and a graduate of the Public Sector Leadership and Management Development Program from the Gardiner Institute.



Clayton Handrigan
Vice-Chair

Clayton Handrigan is a retired educator, having spent 30 years as a teacher, guidance counselor and administrator. He holds a Bachelor of Arts (Education) and a Bachelor of Arts from Memorial University and a Master of Education from the University of Toronto. He served on the Board of Directors of the Newfoundland and Labrador Credit Union for 12 years, three of which he was President and Chair of the Board. Mr. Handrigan is a Credit Union System nominee and has served as a member of the Credit Union Deposit Guarantee Corporation for 10 years. His current term expired on December 14, 2019 but, pursuant to Regulations, he continues to serve as a director until reappointed or replaced.



Anita Wilkins
CEO/Superintendent
of Credit Unions
Secretary Treasurer

Anita Wilkins is the Chief Executive Officer (CEO) of the Credit Union Deposit Guarantee Corporation, Superintendent of Credit Unions and Secretary Treasurer of the Board. Ms. Wilkins has held these positions with the Credit Union Deposit Guarantee Corporation since April 15, 2019. Ms. Wilkins comes from a strong background of leadership roles – both in auditing and management – within the banking industry. Most recently, Ms. Wilkins was a Branch Manager with the Bank of Nova Scotia. She has also held Branch Manager and Senior Audit Manager positions with Scotiabank and BMO.



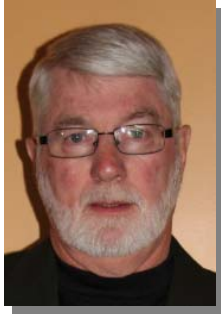
Maureen McCarthy

Maureen McCarthy is retired from the Department of Finance, Government of Newfoundland and Labrador. Ms. McCarthy is a Chartered Professional Accountant (CPA) and has a Bachelor of Commerce (Honors) from Memorial University. Ms. McCarthy has been on the Board of the Credit Union Deposit Guarantee Corporation since 2000 and continues to sit as a Ministerial Appointment.



Robert Dicks

Robert Dicks is a retired employee of Newfoundland Power where he worked for 36 years as an Electrical Engineer Technologist. He was an active volunteer with the Reddy Kilowatt Credit Union for over 40 years, 20 of which he served as president/chair of the Board of Directors. Mr. Dicks is a credit union system nominee and was appointed as a director of the Corporation on August 22, 2018. His term is scheduled to expire on August 22, 2021.



Brendan Doyle

Brendan Doyle is a retired educator, with tenure as a teacher, department head, guidance counsellor, administrator, program specialist and President of Newfoundland and Labrador Teachers' Association. He holds a Bachelor of Arts from St. Francis Xavier University, a Bachelor of Education and Master of Education in Administration from Memorial University and a Master of Education in Guidance and Counselling from the University of New Brunswick. Brendan served 10 years on the Board of Directors of Codroy Valley/Leading Edge Credit Union. Mr. Doyle is a Credit Union System nominee. His term expired on May 3, 2020 but, pursuant to the Regulations, he continues to serve as a director until reappointed or replaced.