



MANAGEMENT CONSULTANCY SERVICES

Credit Unions



Management consultancy services

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Moore is a consulting firm that helps Ireland's leading credit union address their most significant challenges to shape the future of the movement. We have acted for over 100 credit unions on a wide spectrum of consultancy projects and have an unparalleled depth of knowledge of the evolving market, economic, strategic and regulatory trends across all aspects of the Irish credit union movement. Our distinct approach is characterised by deep specialisation and rigorous fact-based analysis delivered in an articulate and constructive reporting format. The credit union movement is built on social co-operative principles; the primary purpose of credit unions being to serve their members' social and economic goals. In the highly regulated and challenging economic environment of our times, credit unions also need to build resilient and *dynamic business models* and *business processes*. This is at the centre of the management consulting service we provide; high end consulting designed to develop and support strong business practices in the Irish credit union movement for the betterment of the members that it is designed to serve.

1. Leadership and education programmes for credit union board, committees and senior management

We have completed a number of projects designed to educate and coach boards, committees and senior management of leading Irish credit unions. A key challenge for credit unions post CUCORA 2012 is to enable the strengthened governance framework to operate *effectively*. This can only be done by the framework being built on a strong understanding of the principles of governance, finance and risk. In this regard, Moore has designed a leadership and education programme for credit union directors, committees and senior management to facilitate this transition. Some key topics that we have designed are; strategy, credit union viability, KPIs, balance sheet management and capital management, risk culture, AML, ethics, data protection, credit, governance and board responsibilities. This programme has been specially designed to complement existing training courses for board directors. It is designed to position the role of the board, through the context of the designated topics, with focus on a more transformational approach to control, direction and oversight. In this regard the output of our programme is intended to deliver personal, professional and organisational development. With enhanced credit union leadership as a common thread, we also incorporate a coaching approach as a tool for



employee development and delivering organisational goals. Our process develops participants' awareness with the intention of adapting and developing behaviours commensurate with the responsibilities and decision making necessary to deliver on the strategic objectives of the strategic objectives of the credit union. Our adaptive approach is designed to develop and embed a more proactive approach to governance and fuller understanding of emerging risks and opportunities in the credit union movement, within the architecture of CUCORA 2012. The programme is run over the course of a series of evening/weekend sessions.

2. Governance transformation

The governance reform that has taken place in Irish credit unions since 2012 is a crucial ingredient of the evolution of credit unions, positioning Irish credit unions to continue

fulfilling their role as key niche service providers in the context of the modern day financial services landscape. The key challenge now for credit unions is how to *yield a return* from the investment credit unions have made in their governance structures. Credit unions remain under-lent. Credit unions operate in a technological world that refuses to stand still. The new governance framework needs to be seen as providing a foundation to deal with these challenges, rather than representing an unhelpful distraction to these challenges. Part of this requires a focus on efficiency. All of the components of the governance framework need to be not just compliant, but also *efficient* and *effective*. We have designed a special programme to assist credit unions in this regard. The programme reviews roles and responsibilities of the players in the governance context, not just in terms of compliance, but in terms of efficiency. The key outcomes will be the following:

- Elimination of duplication
- Minimisation of over-laps
- Development of cohesiveness and collaboration



between the various governance parties

- Enhanced reporting
- Enhanced KPI framework/KRI framework
- Greater clarity of split between operational and non-executive
- Greater bias toward the core elements of governance; strategy, risk and internal controls.

3. Organisational architecture and design

The organisational design of a credit union is much more than connecting lines on an organisation chart. Successful design and architecture addresses the critical importance of connected and sound decision making by incorporating culture, plans, procedures and policies with the appropriate expertise, experience and governance in a framework geared towards sustainability, resilience and growth. These must be aligned to achieve the desired strategic outcome with due regard to the dynamics that accompany change. The

resource capabilities of credit unions has undergone significant change in the past seven years, with new skill sets needed in the areas of finance, risk, underwriting and ICT. Our organisational advisory services are set in this context. The output of our organisational design process is an organisational structure capable of sustaining the credit union business model, flexible enough to adjust to its ongoing economic and regulatory needs, resilient to risk and environmental change and aware of growth opportunities.

4. Capital and balance sheet management advisory

Capital is the single-most important element in the financial stability of any credit union. Capital requirement frameworks have been the subject of detailed scrutiny since the global financial crash of 2008. The credit union movement has been no different, with increased focus placed on capital requirement frameworks. Designing a framework to arrive at *optimal* capital levels is a key economic and regulatory challenge for any credit union.

Undercapitalisation has obvious stability and regulatory risks, but overcapitalisation also brings adverse outcomes with an unproductive use of member funds and an inherent financial inefficiency. Designing a capital management plan is a key emerging requirement for forward oriented credit unions. This requires finance skills, a firm understanding of risk management principles and an awareness of the Irish regulatory environment. We have these skills in Moore and can assist you in designing a capital management plan. This will involve forward looking projections and financial strategies that are correlated to influencing capital levels, or leveraging upon capital levels. We have completed a number of capital management plans for credit unions in a variety of contexts.

5. Financial modelling & scenario analysis

Financial projections are a key requirement for credit unions in the current economic, legal and regularly environment.

- Financial projections are an integral part of the strategic planning process.
- Financial projections are a key tool in determining longer term sustainability and viability.
- Financial projections are an integral part of any collaborative/ merger process.

We are mindful of the challenges in financial projections; projections are based on current plans and estimates, and are subject to inherent risks and uncertainties. However, there are key principles that guide financial projections:

- Assumptions must be *reasonable* and *supportable*.
- The financial model must be *robust* and the integrity of the data must be sanity checked.
- The projections should have elements of *quantitative* factors and qualitative factors.

We have completed significant levels of financial modelling exercises for credit unions in a variety of contexts; ranging from recovery plans for

stressed credit unions, to strategic planning models, to project driven projections for particular credit union strategies.

6. Design of finance, risk and economic reporting platforms

We design and create the capital, solvency and economic performance measures to help our credit union clients proactively manage risk, deliver strategies and understand the core dynamics of the business model and the behavioural patterns of their members. In the current high speed, dynamic and risk sensitive environment of credit unions, information must have certain qualities; it must be timely, accurate and relevant. These qualities are central to the design of credit union reporting frameworks. We have been engaged in a wide variety of projects designed to enhance reporting platforms, ranging from designing industry wide macro analysis frameworks, to granular re-engineering of ICT reporting functions to enhance reporting. We have also helped our credit union clients to develop business intelligence systems to leverage upon the extensive data held in their finance and banking ICT platforms.

7. Strategy implementation and execution programmes

Strategic risk is likely to be the dominant risk facing all credit unions – the risk to the basic business model. Falling lending demand and the low interest rate environment have placed pressures on the income levels of credit unions. Since the 2012 Act, credit unions have finalised and prepared strategic plans. But in order for a strategy to be effective, it must be a live process, rather than a one off event. We have developed a *Maturity Model* whereby the strategic planning process will be assessed and benchmarked as it matures using metrics with a focus on:

- Strategic planning monitoring processes
- Strategic planning implementation processes
- Strategic planning reassessment processes

The objective of our project driven approach is to enhance the efficiency of strategy in the context of

the strategic issues that credit unions face. The output of our review is an improvement in processes and procedures that will result in a stronger capability to deliver strategies, and by corollary, mitigate strategic risk. We have been involved in a number of strategic implementation programmes with credit unions throughout Ireland.

8. Risk culture programmes

Risk management is a key pillar in the governance of all financial institutions on a global level. While credit unions have now developed more complex systems to identify, manage, monitor and report on risks, credit unions can encounter challenges in translating this into a culture of risk. Embedding a culture of risk demands that risk is an intrinsic part of the day to day activities of the credit union with a tangible link between the risk management system and decision making. At Moore, we have a team of consultants with a deep and unparalleled level of experience in risk

management, who can implement improvements to the risk management framework to drive a culture of risk sensitive decision making. This typically involves streamlining the current risk architecture, and enhancing reporting, communication and integration between all risk influencers in the credit union.

9. Regulatory advisory services

The regulatory compliance requirements stemming from CUCORA 2012 and CP88 have increased in number and complexity. These requirements are set in the context of a different regulatory culture; the PRISM regulatory framework is designed to enable the Central Bank of Ireland to pro-actively challenge credit unions (as well as other regulated entities) and assess the risks present in individual credit unions. In the ordinary course of regulatory engagement, issues typically arise for credit unions, and additional analyses/explanations are often required to provide relevant assurances to the regulatory authorities. When credit unions need an effective and affordable regulatory compliance



solution, experienced Moore professionals are ready to help.

10. Movement advocacy

Credit unions act collectively in a variety of contexts. The credit union movement has a number of representative associations and a nationwide network of chapters, associations and alliances. Moore is heavily involved in both supporting and advising this credit union representative infrastructure. We have been involved in a wide variety of projects in a wide variety of projects of a policy nature. Our in-depth knowledge of credit unions coupled with strong relationships in every part of the movement means that we offer unrivalled expertise in both economic, regulatory and technological policies and strategies as they relate to the movement as a whole. We therefore are leaders in supporting credit union advocacy; through the provision of robust

technical expertise to support dynamic and effective advocacy. We have recently advised the Irish League of Credit Unions on the structuring of a proposal whereby the Irish credit union movement could create a dedicated funding vehicle to provide finance for social housing in line with Government Policy. Separately, Moore, as part of its corporate social responsibility programme, has formed a strategic partnership with the charitable arm of the Irish league of Credit Unions (the ILCU Foundation) to help to develop other credit union systems in low income countries. An essential element if this partnership is that Moore provides funding for staff for overseas movements to visit Ireland for training opportunities and visit a number of Irish credit unions. We have developed relationships with representative bodies in Albania and Belize as part of this compelling initiative and have advised representative leaders in these economies on how to develop constructive engagement with local government authorities.



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MOORE GLOBAL NETWORK

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For more information on how our global services and sector expertise can help your business thrive in over 100 countries, just get in touch.

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