

Credit Union Loan Data Reporting

Credit Union Information Session

November 28, 2023

BCFSA BC Financial
Services Authority

Classification: Protected A



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Skwxwú7mesh Úxwumixw (Squamish Nation)
səl'ílwətaʔt (Tsleil-Waututh Nation)

Speakers

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Agenda

1. Proposed Loan Data Reporting Requirements
2. Consultation with Credit Unions
3. Next Steps



Proposed Loan Data Reporting Requirements

Introduction

- Collecting and analyzing relevant data with the appropriate level of granularity is an essential component of BCFSA's risk-based supervision;
- Proposing Loan Data Reporting ("LDR") requirements to enable in-depth assessment of current or emerging risk in the credit unions' loan portfolios;
- Maintaining appropriate risk data standards supports credit unions' risk management and reporting practices.

Proposed LDR

- LDR requirements are built from and will replace current loan data calls in order to enhance and streamline regulatory reporting;
- Proposed LDR filing for credit unions (including Central 1) to report granular loan data for their entire personal and commercial loan portfolios each quarter;
- Consultation with credit unions began on November 9, 2023, with proposed implementation and reporting in 2025.



Background

- In 2019, BCFSA issued a report on [Risk Data Aggregation and Reporting Principles](#) to assist credit unions in adequately capturing the credit, liquidity, and treasury risks associated with their operations;
- The report formed the basis for the quarterly loan data collection of residential mortgage originations and renewals and loan portfolio collections for the capital modernization project;
- Federal and provincial regulators continue to refine regulatory reporting based on granular data collections.



LDR Benefits for Credit Unions and BCFSA

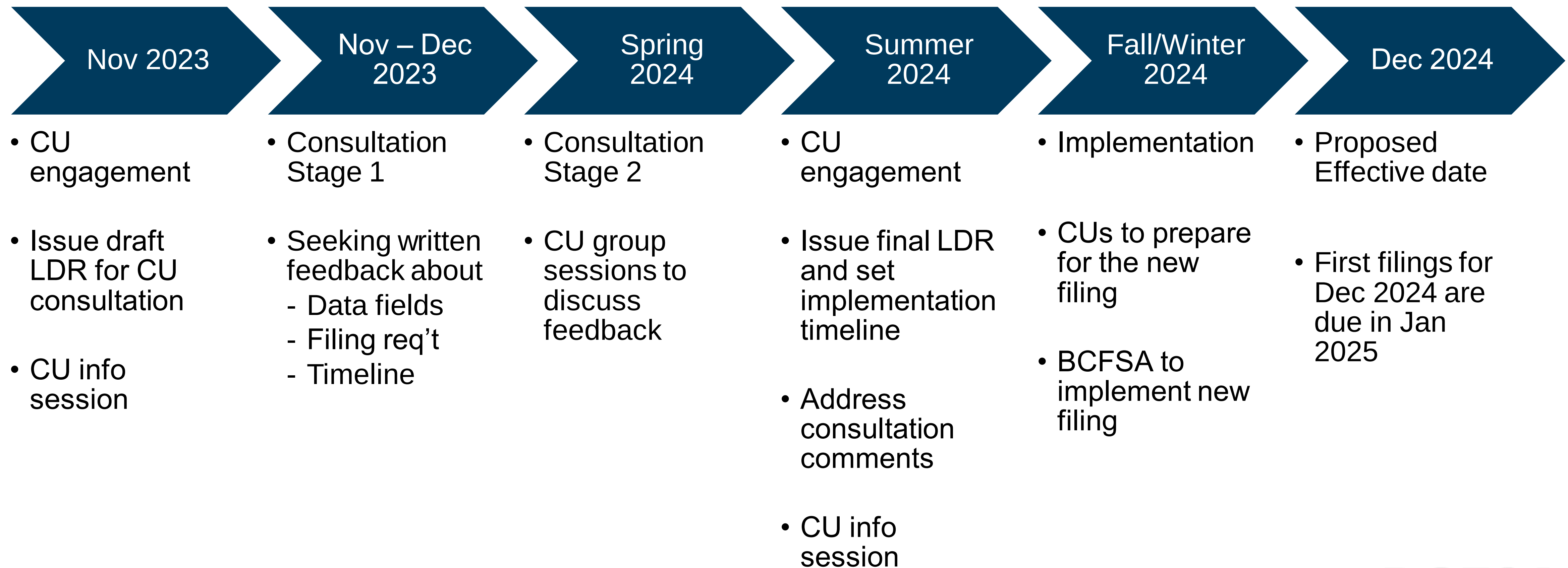
- Ensures risk data reporting standards are established and maintained in support of credit unions' risk management and reporting practices;
- Improves supervisory continuous monitoring and assessment of risk in credit unions' loan portfolios;
- Enables BCFSA to monitor and identify possible vulnerabilities and emerging risks in credit unions' loan portfolios;
- Informs and supports the proposed approach to credit risk in the capital modernization framework;
- Streamlines regulatory reporting, as LDR will replace the quarterly Residential Mortgage Loans Report ("RMLR") filings, the quarterly Residential Mortgage Underwriting Assessment ("RMUA") information requests, and loan extracts requested for on-site reviews; and
- BCFSA will share high-level summary reports with credit unions.

Scope and Frequency

- The proposed requirements include about 200 attributes for each personal and commercial loan;
- Risk capture: credit risk, underwriting risk collateral risk, interest rate risk, insurance risk, conduct risk, AML risk, climate and earthquake-related risks, etc.;
- Credit unions (incl. Central 1) to report granular loan information for their entire personal and commercial loan portfolios each quarter; and
- Credit unions with assets >\$500M to report all loan attributes and smaller credit unions to report a mandatory subset of attributes each quarter



Proposed Timeline



Consultation with Credit Unions

Credit Union Consultation

Consultation with credit unions will be in two stages:

STAGE 1 (NOV 9 – DEC 18, 2023)

Collect initial written feedback on the proposed reporting requirements and implementation timeline

STAGE 2 (FEB – MAR 2024)

Meet with credit unions in technical working group sessions to address feedback and discuss any issues and challenges with the reporting requirements and implementation timeline



Consultation Stage 1 (Nov 9 – Dec 18, 2023)

On Nov 9, issued [Draft LDR Requirements](#) document for credit union feedback

Draft LDR Requirements include:

- Data field specifications;
- General reporting requirements;
- Outline of the consultation process and consultation questions; and
- Proposed timeline (incl. implementation).

Call for credit union participation in the LDR technical working group during Stage 2 of the consultation



Consultation Stage 2 (Feb – Mar 2024)

Set up the LDR technical working group and send meeting invites for group sessions

During the sessions, we will:

- Address feedback from written submissions and any further questions;
- Clarify data field specifications;
- Discuss reporting requirements;
- Discuss any issues and challenges with the implementation; and
- Discuss the proposed implementation timeline.

Technical working group [Terms of Reference](#)

Next Steps

Next Steps

[Draft LDR Requirements](#) document was issued for consultation feedback on November 9. Please send your feedback to filings@bcfsa.ca by December 18, 2023.

To participate in the LDR technical working group during Stage 2 of the consultation, please send the participant's name, job title, and email address to filings@bcfsa.ca.

See the [Terms of Reference](#) for information about the role and membership criteria for this technical working group.



Additional Information and Questions

Link to the LDR consultation webpage:

[Consultation on Loan Data Reporting Requirements | BCFSA](#)

Please contact Rebecca Lowrey or Tunde Szinku, Reporting & Standards, at filings@bcfsa.ca if you have any questions or would like more information.



Thank you.