Advisory

BCFSA Issues Commercial Lending Guideline

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PURPOSE

BC Financial Services Authority (BCFSA) is issuing its final Commercial Lending Guideline (Guideline). The Guideline sets out high level principles and specific expectations for all B.C credit unions that undertake commercial lending activities. The Guideline will come into effect in one year, on August 19, 2026.

The expectations in the Guideline apply to all organizations regardless of size; however, BCFSA will use proportionality in undertaking its reviews by adjusting the supervisory intensity depending on the nature, size, complexity, and risk profile of the credit union and the potential system impact if that credit union were to fail.

The Guideline also contains a section on the Commercial Risk Rating System (CRRS), which addresses the need to structure a risk scale for assessing and assigning risk ratings to commercial lending borrowers. Credit unions should ensure that risk scales in the credit union's CRRS continue to be mappable to the scale outlined in the financial and statistical return reporting instructions. This ensures consistency in the reporting of commercial lending portfolio risks across the segment.

The Guideline replaces Information Bulletins CU-2010-001 "Commercial Lending – Risk Rating of Past Due for Review Loans" and CU-1997-002 "Determination of Commercial Lending Experience and Expertise".

BACKGROUND

BCFSA undertook a 90-day consultation from November 18, 2024 to February 16, 2025, seeking feedback from the B.C. credit union segment on a draft Commercial Lending Authority Guideline. Upon request, BCFSA extended the deadline for consultation to February 28, 2025.

During the consultation, credit unions had the opportunity to learn and ask questions about the expectations outlined in the draft Guideline. Our Consultation Summary Report summarizes the feedback we received and our responses. Input received during the consultation was used to amend and improve the Guideline where appropriate.

BCFSA values the feedback it receives during consultations and thanks the credit unions that took the time to participate in the consultation.

If you have questions regarding the Guideline or Consultation Summary Report, please contact us at policy@bcfsa.ca.

ADDITIONAL INFORMATION

- Commercial Lending Guideline
- Consultation Summary Report

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