

SACCO Supervision Case Study

After years of discussion your agency has just taken over supervision of credit unions. As a starting point you and your team of examiners have developed performance reports for all of your credit unions for the previous five years and the current year.

Today is December 2, 2008, financial markets in the US and Europe are going through significant changes as major financial institutions are failing and/or being propped up. Inflation in your country has been somewhat stable until this year and the market rate for loans has hovered around 25%. The head of your agency has asked for a meeting this coming Friday to review how local institutions are doing and what if any actions should be taken.

Your team has just brought you the most recently monthly data (for month end August 31). Your team has flagged the data from this credit union as concerning. In preparation for your meeting on Friday with the head of the agency please answer the following questions and be prepared to present your findings.

1. What has been happening in this credit union since 2003?
2. How well has the credit union allocated its resources over the years?
3. What of significance occurred during 2006 in the credit union?
4. What does your team consider to be the most significant risk for the credit union at this point and time?
5. What recommendations, if any, will you have for the head of the agency?