



July 29, 2020

**Delivered Via Email: Service.IADI@bis.org**

David Walker, Secretary General  
International Association of Deposit Insurers  
c/o Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel, Switzerland

## **Re: Risk Management and Internal Control System of Deposit Insurers**

Dear Secretariat Walker:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on the International Association of Deposit Insurers' *Risk Management and Internal Control System of Deposit Insurers*.<sup>1</sup> Credit unions are cooperative depository institutions and World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 68,000 credit unions in 109 countries with USD 1.8 trillion in total assets serving 235 million physical person members.<sup>2</sup>

World Council supports the International Association of Deposit Insurers' (IADIs) guidance on risk management in Deposit Insurers (DIs), and further supports IADIs recognition that proportionally tailored requirements are necessary as they relate Enterprise Risk Management and risk management as a whole. IADI's Guidance Paper certifies that the size, risk and complexity of the operations should be considered in order to minimize excessive costs and reduce bureaucracy. We agree with this articulation, as the implementation of these principles has demonstrated that proportional guidelines allow credit unions to assess risk without overextending limited resources to address risks that do not affect them.

While World Council fully supports IADIs proportionality criterion, we would further urge the IADI to consider the unique structure of financial cooperatives such as credit unions when

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<sup>1</sup> International Association of Deposit Insurers, *Risk Management and Internal Control System of Deposit Insurers*, (June, 2020), available at: [https://www.iadi.org/en/assets/File/Papers/Consultation/IADI\\_RMICS\\_Guidance\\_Paper\\_public\\_consultation.pdf](https://www.iadi.org/en/assets/File/Papers/Consultation/IADI_RMICS_Guidance_Paper_public_consultation.pdf)

<sup>2</sup> World Council of Credit Unions, *2016 Statistical Report* (2017), available at <http://www.woccu.org/publications/statreport>.

finalizing their guidelines on risk management for DIs and when suggesting specific minimum requirements. Even minimum requirements can place operational burdens on credit unions that do not have the staff, capital, or resources to implement an intricate or sometimes what is assumed to be a simple risk management program. We would additionally encourage the IADI to make their proportionality guidance on risk management objectives clear and definitive so that national level regulators have the clearance to properly tailor regulations for cooperative institutions that are often less complex and less risky than their for-profit bank counterparts.

World Council would like to reiterate its support for the IADIs risk management guidance, and especially the implementation of the proportionality principle within the guidance points. World Council appreciates the opportunity to comment on the International Association of Deposit Insurers' Public Policy Objectives on Deposit Insurance Systems. If you have questions about our comments, please feel free to contact me at [pmonford@woccu.org](mailto:pmonford@woccu.org) or +1-202-510-9347.

Sincerely,



Panya Monford, Esq.  
Advocacy Counsel  
World Council of Credit Unions