RBK

Chartered Accountants
& Business Advisers

2025

Credit Union

Benchmarking Survey Results

Presented by: Ronan Kilbane, Partner, RBK

Contents

This report summarises the findings of a survey of credit unions conducted in February/March 2025. It reflects responses from 57 credit unions and financial data from 81 published annual reports. This represents €12.32b or 57.3% of the total asset size of the credit union movement in the State. (The sector asset size was approximately €21.5b across 183 Credit Unions at 30 September 2024). The credit unions included in our research range in size from €17m to €580m and represent a mix of both community and industrial credit unions. Prior year data has been updated to reflect additional information that became available after our 2024 Credit Union Benchmarking Report was published. Non-financial data in this year's report refers to the current year to date and includes prior year comparisons where available.

1. Foreword

Welcome to RBK's 13th Annual Credit Union Benchmarking Survey

Welcome to RBK's 13th Annual Credit Union Benchmarking Survey. 2024 was a year of strategic consolidation across the sector, with continued growth in loan books, improvements in operational efficiency, and increasing focus on embedding operational resilience.

Credit Unions continue to maintain their strong reputation within the financial services sector. The majority of this year's survey respondents reported robust loan book growth, particularly in home improvement and car loans. We are seeing increased interest in house and commercial lending, though this remains a relatively minor component of most portfolios and there is scope for further growth in this area.

Financial indicators have shown considerable improvement. The trend of increasing dividend payments has continued, with 62% of Credit Unions paying dividends in 2024, a substantial increase from 18% in 2023. Investment portfolios are trending downward as a percentage of assets, aligned with the shift towards increased lending. This is a positive development for Credit Unions whose primary mission is providing financial services to members.

Human resource management has emerged as a key focus area. Despite the rapidly evolving employment landscape, just over half of Credit Unions have conducted an HR Organisational Review in the past three years. With nearly all Credit Unions expecting to maintain or increase hiring in 2025/2026, particularly in customer-facing roles, addressing these structural gaps will be important for sustainable growth.

Looking ahead, the sector faces several challenges. While the number of Credit Unions continues to decline and consolidation appears to be slowing, the operational resilience frameworks that were a key focus in 2024 need further development, with testing remaining the most significant barrier to full implementation.

Outsourcing governance has improved, though half our survey respondents still lack appropriate Key Performance Indicators to effectively measure the performance of outsourcing arrangements. IT and cybersecurity continue to be top risk concerns, with a three-fold annual increase in cyber-attacks reported in the past 12 months.

ESG considerations have become mainstream, with over 80% of Credit Unions now incorporating an ESG policy into its policy framework. However, only one-third of our survey respondents include ESG topics in their KPI reporting, indicating room for further integration into strategic frameworks.

Our thanks to everyone who participated in this year's research. Without your experiences and insights, it would not be possible to produce this comprehensive report. As always, if you have questions or would like more information about any of the topics covered, please let us know. We would be delighted to discuss our findings with you.

Ronan

Ronan Kilbane
Partner

Michelle

Michelle O'Donoghue
Partner

Colm

Colm O'Grady
Partner

2. The Results At a Glance

183

The number of active credit unions at September 2024, a fall of 9 from the previous year

7%

Reduction in average cost to income ratio for industrial credit unions

63%

Have KPI reporting that is aligned with the credit unions Strategic Plan

58%

Have an ESG sustainability strategy

34%

Said their current organisational structure supports their operational needs

57%

Experienced a fraud in the last 12 months

62%

Paid a dividend to members in the current year

16.6%

Average reserves ratio across community credit unions

51%

Have integrated the operational resilience framework into operations

33%

Failed to meet membership growth targets in the year

3. Executive Summary

> *"The sector continued to report positive trends in the last year, but there is no room for complacency."*

Ronan Kilbane
Partner - RBK Credit Unions

The Credit Union sector continues to show steady growth in total assets, maintaining a consistent annual growth rate over the past four years. Loan growth has been particularly strong over the most recent two-year period.

On the liabilities side, member savings continue their steady upward trajectory, and total reserves have experienced moderate growth. The overall financial position appears stable with consistent growth patterns across key metrics.

Credit Union investments have benefited from a higher interest rate environment. Investment performance has nearly tripled since 2021, reaching an average return of 1.65% in 2024, directly contributing to the sharp increase in dividend payments across the sector.

The cost-income ratio continues to decline, driven by income growth substantially outpacing expenditure growth. Investment performance has contributed to the overall financial improvement and loan interest income also showed healthy growth.

Return on Assets has improved for the second year in a row and is now at the highest rate since 2017.

Key Findings:

Loan book: Loan growth remains steady at 9% for community Credit Unions, while industrial Credit Unions demonstrate substantially stronger performance. Home improvement loans have strengthened, followed by car loans, with mortgages showing a slight decline.

Reserves: All Credit Unions are exceeding the minimum regulatory requirement of 10%, with the vast majority reporting well above this threshold.

Costs: Significant efficiency gains are evident through the declining wages-to-income ratio, which has decreased from 35.7% to 27.9% over three years. Bad debt provisions have decreased to all-time lows.

Operational Resilience: There has been notable progress in operational resilience framework implementation, with completion rates rising year-on-year. Testing remains the primary barrier to full implementation.

Fitness & Probity: Implementation of the Minimum Competency Code presents challenges, primarily related to staffing issues.

Human Resources: Just over half of Credit Unions have conducted HR reviews in recent years, with only one-third reporting their current structure fully supports their operational needs. Hiring focuses predominantly on customer-facing roles. Salary increases have been widespread, with an average increase of approximately 4%.

Climate Change & ESG: ESG considerations have become mainstream within Credit Unions' operations. The majority have implemented ESG Sustainability Strategies, with governance structures evolving to accommodate these priorities.

Financial Monitoring: Two-thirds of Credit Unions now include non-financial KPI's in their reporting, showing a growing recognition of balanced performance measurement.

Outsourcing: Most Credit Unions have made progress aligning their outsourcing frameworks, specifically updating their Outsourcing Policy and Outsourcing Register to meet regulatory standards.

Cybersecurity: Many Credit Unions appear to approach vulnerability scanning as a compliance exercise rather than an integral security measure, with annual scanning being the predominant frequency.

Marketing: One-third of Credit Unions failed to meet member growth targets. Digital engagement has shown substantial improvement overall, though a significant portion of Credit Unions lack understanding of their Common Bond penetration.

4. Financials

> “Credit Unions paying dividends in higher bands establishes performance benchmarks that may motivate others to improve their financial performance.”

Michelle O’Donoghue
Partner - RBK Credit Unions

Gross Loan Book

There is a positive trend in the Loan to Asset Ratios, increasing from 27% in 2021 to 34% in 2024. The figure for 2024 indicates potential for further growth, as traditional banking institutions typically maintain loan-to-asset ratios of 60-80%. The trend of reducing average interest rate on loan books continues, a function of increased mortgage books at a lower rate of interest diluting the overall return received.

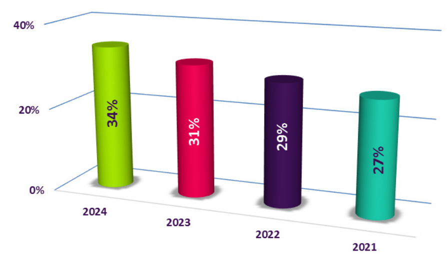


Fig. 4.1: Gross Loan Book as a Percentage of Assets

Dividends

In 2022, only 5% of Credit Unions paid dividends, which increased to 18% in 2023, and then jumped to 62% in 2024. This increase reflects improved financial performance and profitability across the sector. The dividend rate distribution shows higher rates in 2024:

> 23% paid in the 0.125-0.25% range (up from just 3% in 2023)
> 17% paid in the 0.25-0.5% range (up from 0% in 2023).

While still modest compared with some high-street banking rates, the improvements narrow the competitive gap. The investment performance increase (from 0.7% in 2021 to 1.65% in 2024) directly contributes to available funds for dividends. Credit Unions paying dividends in higher bands establishes performance benchmarks that may motivate others to improve their financial performance. Higher dividend rates may also attract new members.

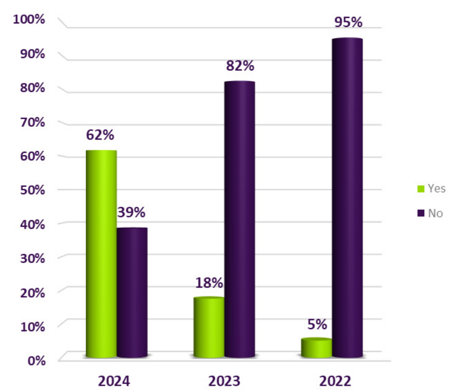


Fig. 4.2: Did your Credit Union Pay a Dividend

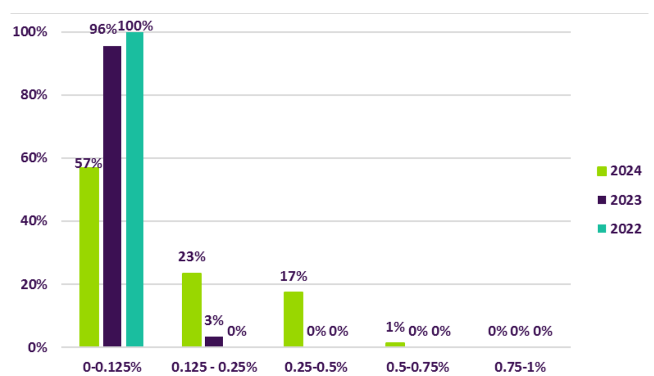


Fig. 4.3: Dividend Rates

Investment Portfolio

The investment portfolio as a percentage of assets continued the recent downward trend in 2024. This corresponds with a shift from investments to lending, a positive trend for Credit Unions as their primary mission is providing financial services to members.

Investment performance improved in 2024 to 1 .65%, nearly three times the outcome two years earlier. This reflects improved market conditions, which look set to reverse in 2025 and 2026 as EU monetary policy loosens and interest rates start to decline.

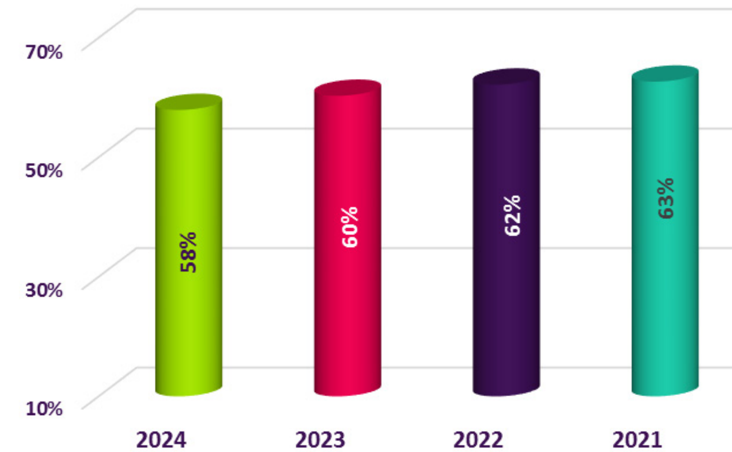


Fig. 4.4: Investment Portfolio % of Assets

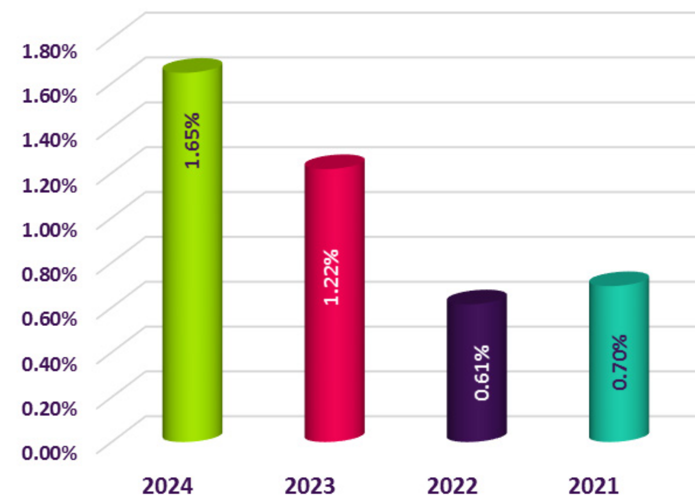


Fig. 4.5: Investment Performance

4. Financials contd.

Wages

The wages-to-income ratio has decreased from 35.7% in 2021 to 27.9% in 2024, indicating improved operational efficiency. The notable one-year improvement (6.3%) reflects increased income levels in 2024.

Due to their structural advantages, industrial Credit Unions consistently maintain lower wage-to-income ratios compared with their community peers. The spread between highest and lowest performers remains substantial in both segments. The slight increase in the highest ratio for community Credit Unions may indicate specific challenges.

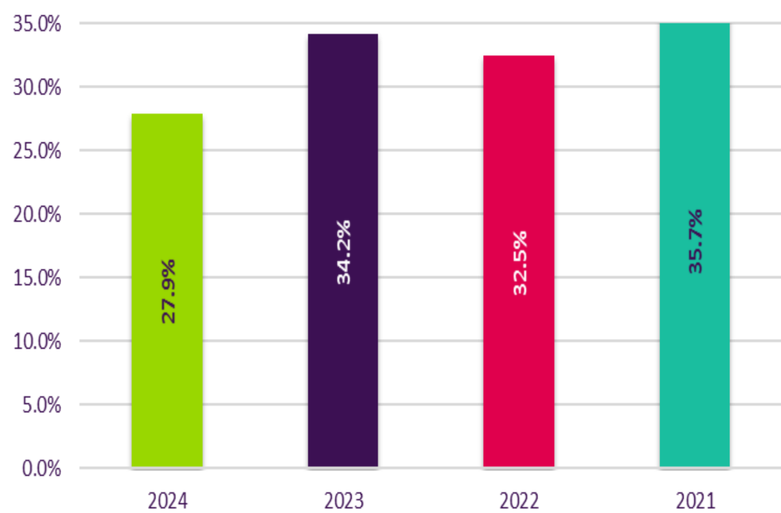


Fig. 4.6: Wages % of Income

	Wages/Income ratio	2024	2023
Community	Average	29.0%	31.7%
Community	Highest	47.6%	45.9%
Community	Lowest	15.7%	17.2%
Industrial	Average	22.4%	24.5%
Industrial	Highest	33.4%	34.2%
Industrial	Lowest	12.2%	13.6%

Fig. 4.7: Wages / Income Ratio

Cost to Income Ratio

For community Credit Unions, the average cost to income ratio reduced by 6% from 2023 to 2024. Costs have not reduced significantly but increased income is diluting the ratio. The most notable improvement is seen in the highest ratios, particularly for community Credit Unions where the highest ratio of 115% has fallen back to 99%.

As investment income declines, to maintain this ratio on a downward path Credit Unions will have to maintain focus on technology adoption, streamlined processes, back-office consolidation, improved staff productivity and economies of scale.

	Average 2024	Average 2023	Highest 2024	Highest 2023	Lowest 2024	Lowest 2023
Community	73%	79%	99%	115%	44%	51%
Industrial	67%	74%	90%	99%	52%	60%

Fig. 4.8: Cost to Income Ratio

Reserve Ratios

The Reserve Ratios metric represents the financial buffer available to absorb unexpected losses and sustain operations during challenging economic periods. All Credit Unions are now reporting a total reserves ratio of a minimum of 12% and the sector remains very well reserved at an average ratio of 16.6% for community Credit Unions and 16.4% for Industrial Credit Unions.

As Credit Unions continue to grow their loan books, maintaining appropriate balance between expansion and reserve adequacy will be crucial.

	Average 2024	Average 2023	Highest 2024	Highest 2023	Lowest 2024	Lowest 2023
Community	16.6%	16.2%	25.2%	25.2%	12.6%	12.1%
Industrial	16.4%	16.1%	22.2%	21.9%	13.0%	13.3%

Fig. 4.9: Reserve Ratio

4. Financials contd.

Bad Debt Provision

Bad debt provisions have decreased, pointing to loan arrears being at an all-time low. This is due to improved loan quality and credit risk management as Credit Unions enhance their underwriting standards and collection processes.

The range between highest and lowest provisions is evidence of considerable variation in risk assessment approaches, with some institutions potentially underprovided if economic conditions worsen.

	Average 2024	Average 2023	Highest 2024	Highest 2023	Lowest 2024	Lowest 2023
Community	5.8%	6.2%	13.7%	15.6%	1.2%	1.6%
Industrial	3.1%	3.2%	5.6%	5.9%	1.3%	0.9%

Fig. 4.10: Bad Debt Provision as a % of the Loan Book

5. Loan Book

Loan Book Growth

Community Credit Unions maintained steady average loan book growth of 9% in 2024, unchanged from 2023. This is the second consecutive year of strong loan book growth but there are now indications that member confidence is dampening demand. Also concerning is the deterioration at the lower end, where the poorest performers now show a -5% growth rate compared to -3% in 2023.

Industrial Credit Unions maintain substantially higher growth than their community counterparts. Most tellingly, even the weakest industrial Credit Unions maintained positive growth at 6%.

		Average 2024	Average 2023	Highest 2024	Highest 2023	Lowest 2024	Lowest 2023
Community	Loans Issued Growth	5%	9%	35%	45%	-34%	-13%
Community	Loan Book Growth	9%	9%	26%	37%	-5%	-3%
Industrial	Loans Issued Growth	7%	20%	23%	70%	-6%	-13%
Industrial	Loan Book Growth	14%	15%	23%	27%	6%	5%

Fig. 5.1: Loan Book Growth

Lending Limits

Since new rules were introduced in 2020, total gross loans outstanding in the Credit Unions sector have grown from €5.1 billion in September 2019 to €6.9 billion in June 2024. For house loans and business loans, over this period lending has expanded from €300 million to €900 million.

Credit Unions are constrained by concentration limits. The Central Bank believes the sector has considerable capacity for further lending growth and is proposing to revise its lending regulations.

The proposed changes to concentration limits, currently out for consultation, would increase capacity for house and business lending to €8.6 billion from €2.9 billion currently. The changes would see new concentration limits of 30% of total assets for house lending, and 10% for business lending.

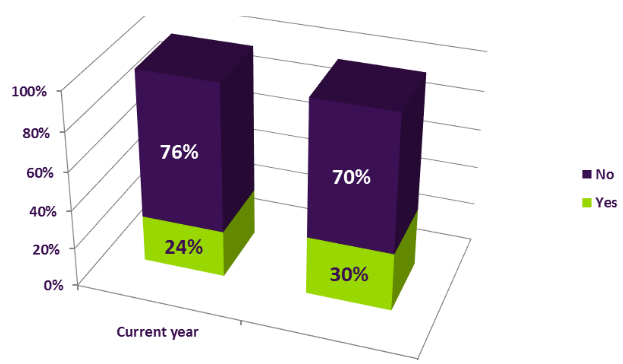


Fig. 5.2: % of Credit Unions who have applied for increased lending limits

> "Since new rules were introduced in 2020, total gross loans outstanding in the Credit Unions sector have grown from €5.1 billion in September 2019 to €6.9 billion in June 2024."

Ronan Kilbane
Partner - RBK Credit Unions

Loan Types

Home improvement loans have strengthened their position as the leading category, while car loans remain a robust second. Special rate loans show healthy growth at 20%, as targeted promotional rates stimulate specific lending segments.

Mortgage loans declined 2% year-on-year despite the significant capacity in the sector and a greater number of Credit Unions offering such loans. Covered loans maintained a steady performance at 17%.

Commercial lending enjoyed a slight increase but remains a minor component of the portfolio which is surprising given the capacity in this area.

Fig. 5.3: What is the Fastest Growing Loan Type?

6. Strategy

> “The overwhelming majority (79%) of Credit Unions work to a 3-year strategic planning horizon.”

Colm O’Grady
Partner - RBK Credit Unions

Strategic Plan Tracking

There has been a notable shift towards more frequent monitoring, with monthly reporting increasing from 39% to 53%, while quarterly and less frequent reporting has decreased. Technological advancements may be playing a role, with more sophisticated dashboards and analytics tools making it easier to compile and review metrics more regularly than before.

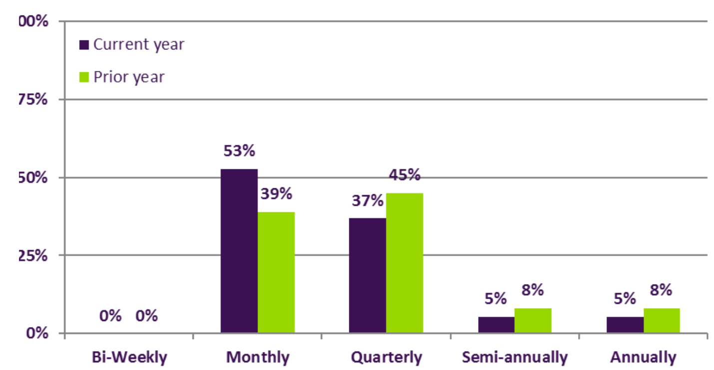


Fig. 6.1: Strategic Plan Tracking

Strategic Plan Duration and Review

The overwhelming majority (79%) of Credit Unions work to a 3-year strategic planning horizon. The survey data shows limited adoption of alternative timeframes, with only 19% opting for a 5-year horizon.

There are varied approaches to strategic plan maintenance, with 53% of Credit Unions reporting incremental adjustments (‘tweaking’) to their previous plan, while 44% completely rewrote their strategic plan. Only 3% carried forward their previous plan unchanged.

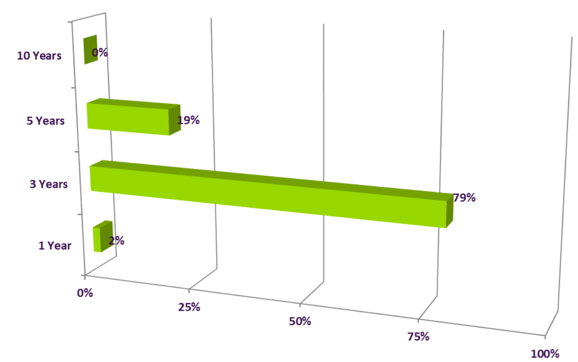


Fig. 6.2: Strategic Plan Duration

The timing of reviews also shows a preference for regular reassessment, though with some interesting shifts. Reviews conducted within the past six months have decreased from 57% to 42%, while reviews within the past year have increased slightly from 32% to 35%. Reviews from 1-2 years ago remained relatively stable at around 11-12%, though 11% report that their last review occurred more than two years ago.

At a minimum, Strategic Plans should be reviewed annually, and the increase in the number of Credit Unions that are over one year since review is concerning.

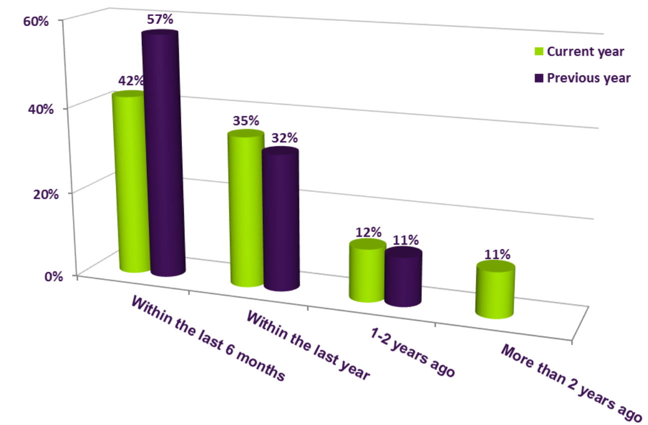


Fig. 6.3: Strategic Plan Review & Update

Merger Plans

The decrease in consolidation plans indicates that previous mergers have completed their integration phase. Many Credit Unions appear to have successfully integrated their new entities and are now looking towards fresh growth opportunities.

The increase in Credit Unions planning to subsume peers indicates growing confidence and ongoing consolidation pressures within the sector. The majority position of ‘no merger plans’ reflects either satisfaction with current scale or a desire to focus on organic growth rather than merger complexities. The overall picture points to a maturing sector with greater strategic clarity.

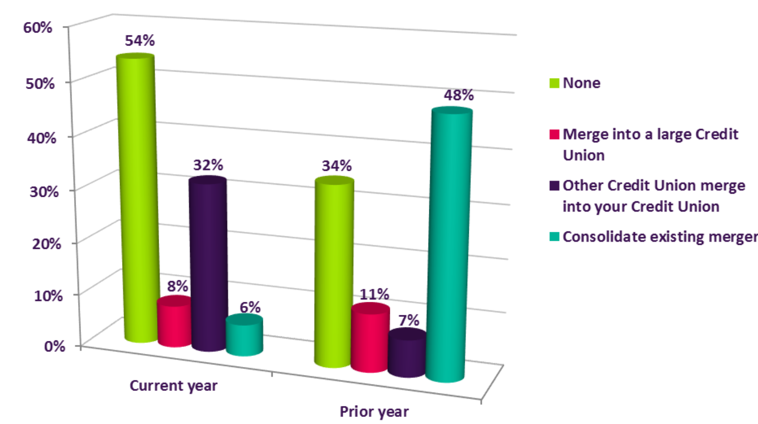


Fig. 6.4: Merger Plans in Next 3 Years

7. Human Resources

> "Nearly all Credit Unions are expecting to increase hiring so there is a need to review organisational structures and align with strategic priorities."

Yvonne Clarke
Head of HR Solutions

HR Organisational Review

Despite the rapidly evolving employment landscape, just over half (57%) of Credit Unions have conducted an HR Organisational Review in the past three years. This means that many HR frameworks may not fully address contemporary employee expectations and competitive pressures.

Only one-third of Credit Unions report that their current structure and people operations 'absolutely' support their operational needs with properly aligned strategic plans. The majority acknowledge partial effectiveness, with six in ten stating their operations only 'somewhat' support their needs. A minority (7%) candidly admit lacking the fundamental operational structure needed to sustain and grow their organisation.

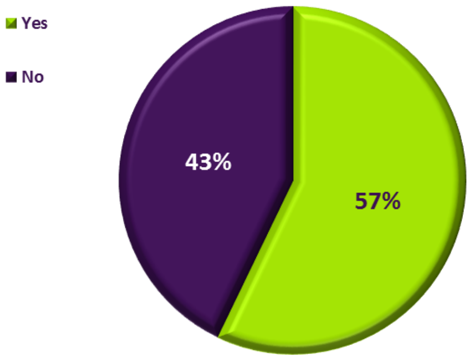


Fig. 7.1: Has your Credit Union Conducted a HR Organisational Review in the Past 3 Years?

Job Descriptions

Documentation of job descriptions shows inconsistency across the sector. With nearly all Credit Unions expecting to maintain or increase hiring in 2025/2026, having complete and updated job descriptions will be crucial for effective talent acquisition, onboarding, and management.

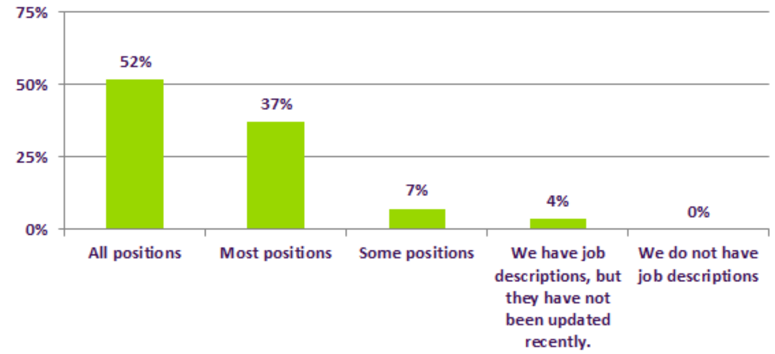


Fig. 7.2: Does your Credit Union have Job Descriptions in Place?

Hiring Intentions

Customer-facing roles dominate the hiring landscape, with Lending and Member Services each representing 50% of all planned hires. This front-line emphasis is followed by Marketing and Business Development at 16%, suggesting a strong focus on growth and customer acquisition.

Risk and Compliance positions represent 11% of planned hires, reflecting the regulatory environment. Operational leadership roles in areas such as Operations, IT, and Finance collectively account for nearly one-third of anticipated recruitment needs.

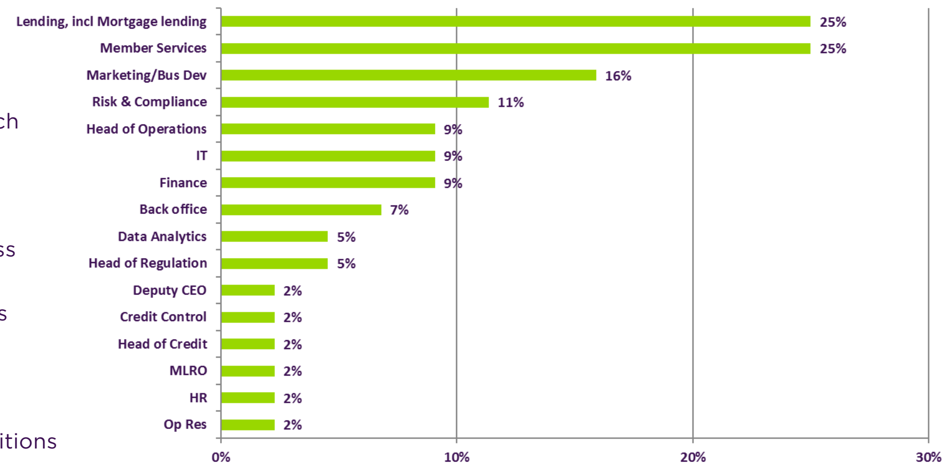


Fig. 7.3: Key Roles to be Filled in Next 12 Months

7. Human Resources contd.

Performance Appraisal Reviews

While four out of five Credit Unions report having a Performance Management Framework in place, the execution and alignment of these frameworks is inconsistent. The majority (66%) conduct performance appraisals on an annual basis only, with 21% opting for bi-annual reviews.

A minority (9%) conduct no formal reviews at all. There is limited ongoing performance dialogue in most Credit Unions as only 7% supplement formal annual reviews with informal job chats throughout the year.

The survey data also discloses gaps in strategic alignment, with only 51% of Credit Unions aligning employee objectives and KPI's to their Strategic Plan. Even fewer (32%) link salary progression to performance against objectives and KPI's, potentially undermining incentives for high performance. Just over half (53%) have invested in training their management team on conducting Performance Appraisal Reviews.

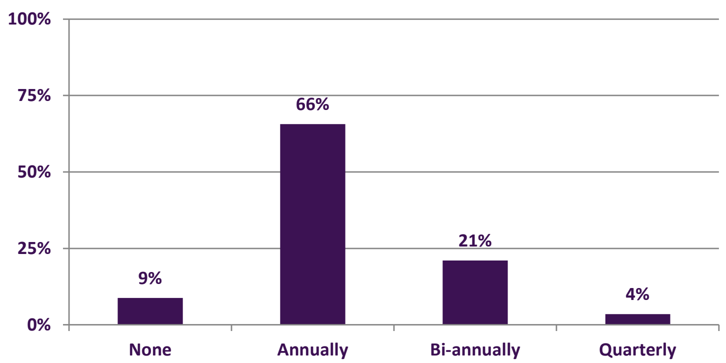


Fig. 7.4: How Often are Performance Appraisal Reviews Conducted?

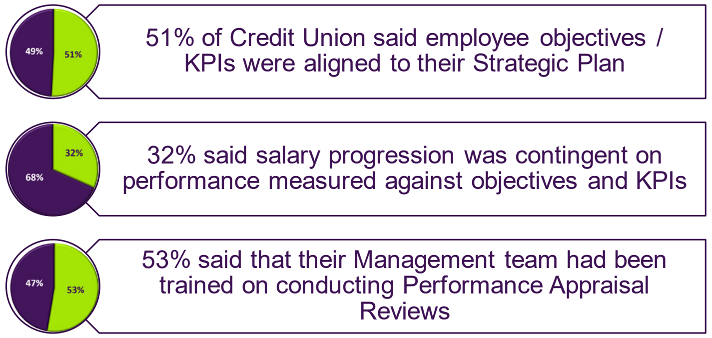


Fig. 7.5: Performance Management

Salary Increases

Salary adjustments have been widespread across the sector, with 93% implementing salary increases in 2024, up from 84% in the prior year. Two-thirds (66%) have applied general increases (of approximately 4%) across all roles rather than targeting specific performance or position categories. This finding linked with the previous observation indicates that there is scope to gain greater efficiencies by investing in performance management and linking future salary increases with the meeting of KPIs and performance objectives.

Only about a third of Credit Unions are implementing increases based on annual increments, which points to limited use of structured progression frameworks. However, a substantial majority (72%) maintain a salary scale or pay band for each role category, providing some structure to compensation decisions.

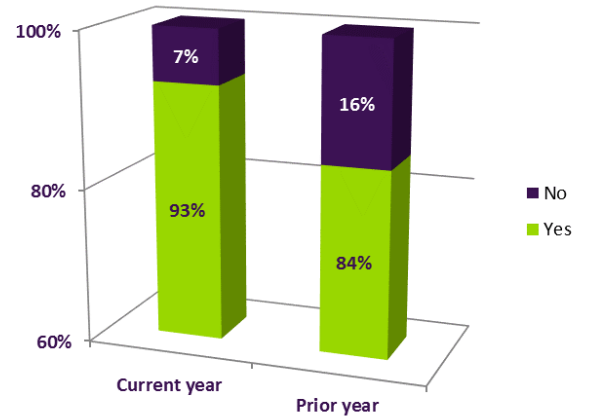


Fig. 7.6: Have you implemented salary increases in the last 12 months?

Compensation & Benefits

There is strong engagement with formal compensation review processes across the sector. A majority (61%) of Credit Unions have conducted a Compensation & Benefits Review in the past 12 months. There is widespread recognition of the importance of competitive remuneration in attracting and retaining talent. This is evidenced by the fact that nearly 4 in 10 Credit Unions who haven't undertaken this review plan to do so in the near term.

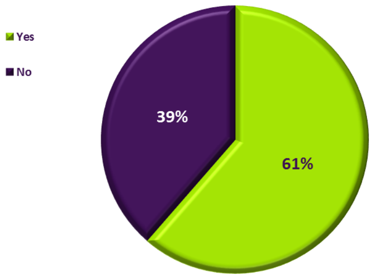


Fig. 7.7: Have you conducted a Compensation & Benefits Review in your Credit Union in the past 12 months?

8. Board & KPI's

> "KPI reporting remains strong on financial metris but improvements are required to align with strategy."

Michelle O'Donoghue
Partner - RBK Credit Unions

Board Appointments & Meetings

Following enactment of the Credit Union Amendment Act 2023, since April 2024 a Credit Union CEO can be appointed to the Board of Directors and the procedure has been availed of by 9% of survey respondents. Of those that effected the elevation, the appointment had no discernible impact on committee activity levels.

Regarding Board Meeting frequency, the majority (61 %) have maintained their existing schedule, indicating that the scope to reduce the overall time commitment by Board members has not been taken advantage of. This will require a focus by Credit Unions given the challenges with succession planning as anecdotally there is a link between the time commitment to attend Board meetings and the ability to attract and retain Board members.

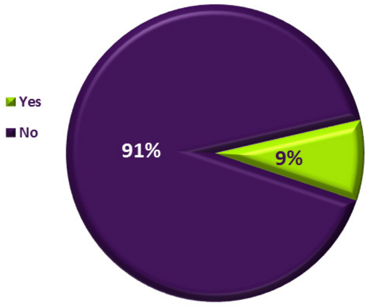


Fig. 8.1: Have you Appointed the CEO of the Board?

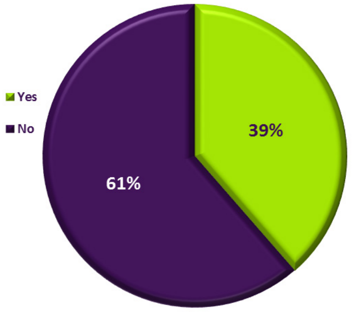


Fig. 8.2: Have you reduced the overall number of Board Meetings?

Preferred KPI's

The survey reveals a clear hierarchy in commonly tracked KPI's. Financial metrics dominate, with loan book, loan arrears, and liquidity levels being the most universally monitored. Capital/reserves levels, cost-to-income ratios, and provisioning are also widely tracked. Member-focused metrics like savings levels and average loan metrics remain important but are less universally adopted than core financial indicators.

The least commonly reported metrics include marketing, HR, and operational resilience. Developing a more balanced scorecard approach would provide Boards with a more comprehensive view of organisational health and sustainable performance.

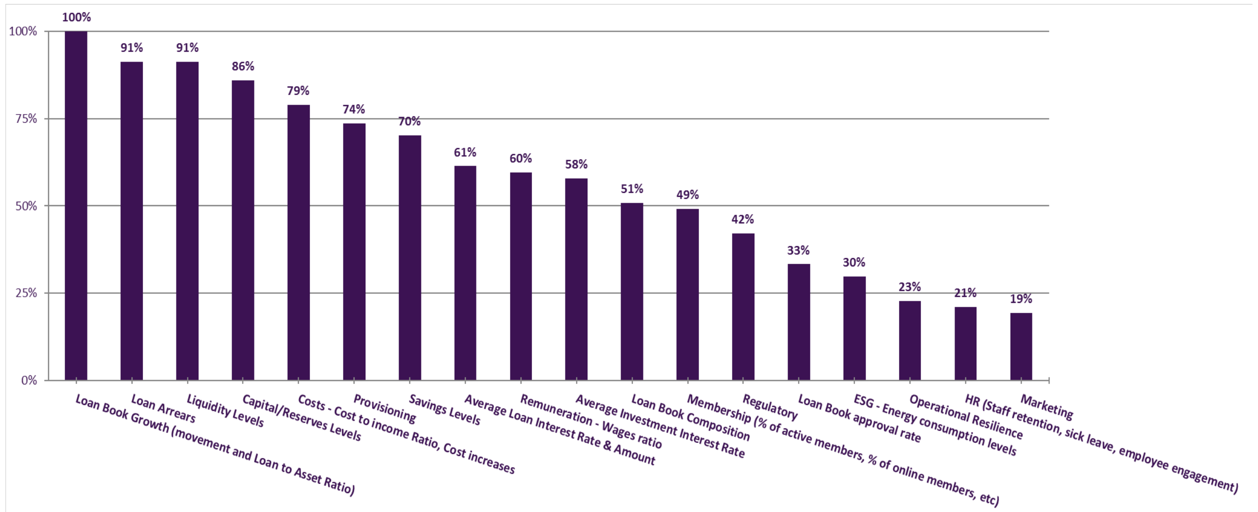


Fig. 8.3: KPI's

8. Board & KPI's contd.

KPI Reporting

75% of Credit Unions reported that their KPI's are actively assisting with driving efficiencies. The reporting frequency data shows a strong preference for monthly reporting cycles (80%). This frequency should be regarded as the benchmark for organisations currently reporting quarterly or on a semi-annual basis.

The survey finds that two-thirds of Credit Unions include non-financial KPI's in their reporting, demonstrating a recognition of the importance of balanced performance measurement. The corollary is that there is scope for improvement among one-third of the survey cohort.

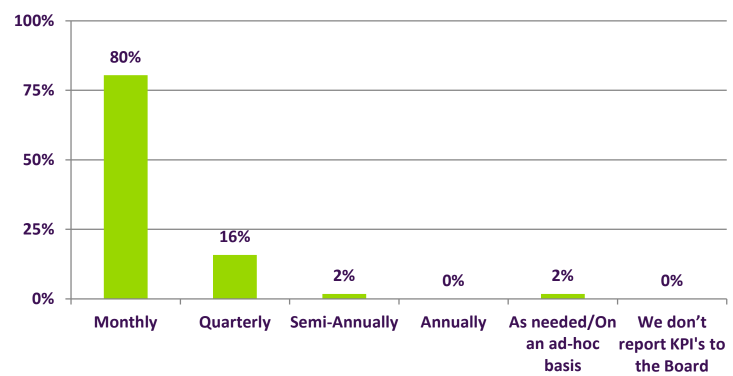


Fig. 8.4: KPI Reporting

KPI Updating

Most Credit Unions regularly review and update their KPI frameworks, with 60% having updated their KPI suite within the past year and a further 23% within the last two years. Establishing more formal protocols for regular KPI review and refresh would ensure metrics remain relevant.

When asked about potential improvements, focus areas include metrics related to provisioning, ESG, membership, and service delivery.

While 63% of Credit Unions report full alignment between KPI's and strategic plans, the remaining 37% indicate only partial alignment. This gap highlights the opportunity to develop more strategically relevant metrics that directly support organisational objectives.

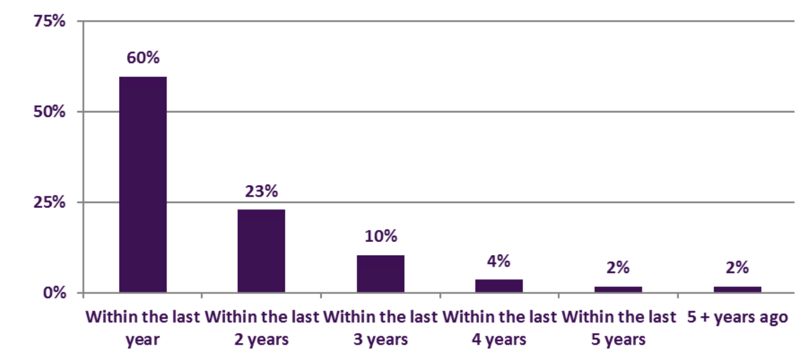


Fig. 8.5: When was the suite of KPI's last updated?

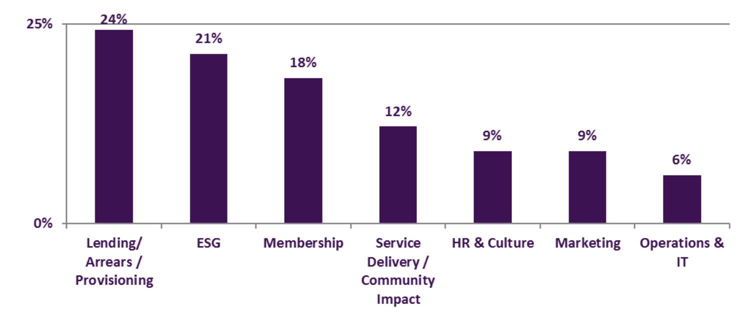


Fig. 8.6: If you could enhance KPi's in one particular area, what would it be?

9. Fitness & Probity

Due DIligence

There is a strong commitment to due diligence across Credit Unions, with 84% of respondents conducting comprehensive checks at both initial appointment and annually thereafter. Almost all Credit Unions (92%) have completed a skills and qualification gap analysis to identify areas where they may fall short of the Minimum Competency Code requirements.

Similarly, 91% have established formal plans to ensure individuals obtain relevant qualifications. Despite these positive efforts, more than a third (35%) report difficulties in facilitating employees or Board members to obtain the necessary qualifications.

MCC Compliance

In response to MCC requirements, 78% of Credit Unions have effected changes to their Credit and Credit Control Committees. The remaining 22% indicated that their Committee members are either qualified or in the process of obtaining recognised qualifications.

Overall, Credit Unions are restructuring committees where necessary while simultaneously investing in recognised qualifications for existing personnel.

Fig. 9.1: How often do you complete due diligence checks?

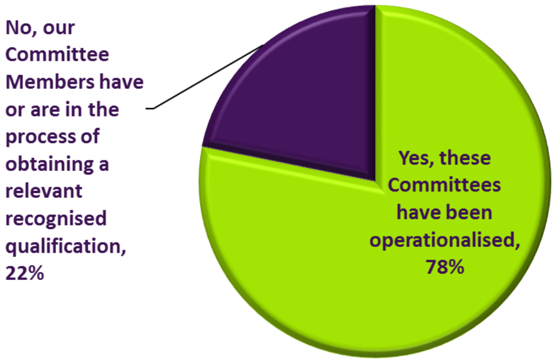


Fig. 9.2: Have you changed the composition of your Credit and Credit Control Committee in order to ensure ongoing compliance with MCC?

Minimum Competency Code

The implementation of the Minimum Competency Code presents several challenges for Credit Unions. Staffing issues are the primary concern, with 25% of Credit Unions having difficulties in recruiting and attracting staff with appropriate qualifications.
An equal proportion identified challenges with the uptake of training among current team members and their ability to pass the required exams.

Governance concerns are also evident, with 18% of Credit Unions worried about having a smaller pool of candidates for Board and Committee positions due to qualification requirements.

A smaller proportion (8%) highlighted that the cost and management of the qualification process placed strain on their resources. This may disproportionately affect smaller Credit Unions with more limited resources.

Top Challenges in implementing the MCC

> **25%** expressed concerns around recruiting / attracting staff with the appropriate qualifications
> **25%** said uptake of training for current team and passing exams is a challenge.
> **18%** were worried about having a smaller pool to select from for Board and Committees.
> **8%** noted the cost and managing the process of qualifications was a burden on the Credit Union

10. Operational Resilience

Operational Resilience Framework

In December 2021, the Central Bank instructed Credit Unions to actively and promptly address operational resilience vulnerabilities. Credit Unions should by now have their operational resilience governance structures in place and have developed criteria for identifying their critical or important business services and related impact tolerances.

In the current year, a majority (58%) of surveyed Credit Unions have completed their operational resilience framework, up from 43% a year earlier. Over half (51%) of Credit Unions report that they have integrated operational resilience into their core business operations.

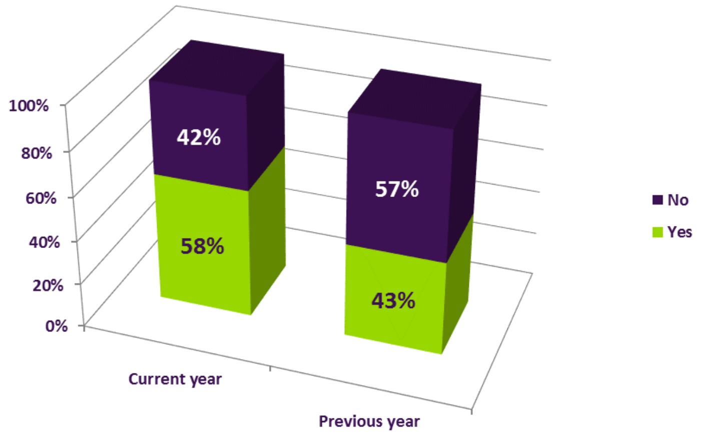


Fig. 10.1: % of Credit Unions that have completed their Operational Resilience Framework

Framework Obstacles

Testing is the most cited barrier to implementation, with 59% of Credit Unions reporting their testing is not fully complete. Many Credit Unions struggle with the practical aspects of testing scenarios, recovery procedures, and response capabilities, and framework finalisation is mentioned as the second major obstacle.

Information gaps and resourcing issues both affect 28% of Credit Unions respectively. Some Credit Unions lack complete data or understanding about their operational vulnerabilities, while others lack the financial or human resources to execute effectively. Skill gaps – mentioned by 22% of survey respondents - contributes to delays in both framework development and testing.

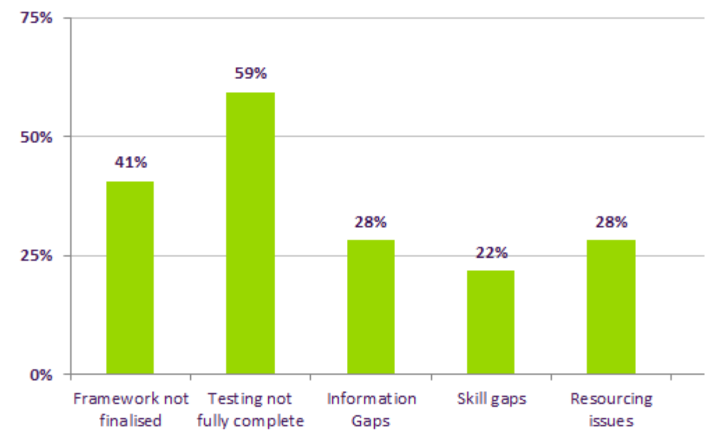


Fig. 10.2: Of those who have not integrated operational resilience into the business yet, the above obstacles were highlighted

10. Operational Resilience contd.

> *"While Credit Unions have focussed on building resilience, work remains to be done."*

Ronan Kilbane
Partner - RBK Credit Unions

BCP Testing

The Central Bank's Resilience Guidance calls for Business Continuity Plan (BCP) arrangements to be reviewed and tested at least annually. Across the survey cohort, 36% of Credit Unions conducted BCP testing in the last 12 months. The next largest group (24%) tested in the last six months, while only one in five demonstrated high commitment to readiness by testing in the most recent quarter. Nearly one-fifth (19%) have not tested their BCP for over a year. Without recent testing, these Credit Unions cannot be confident their continuity plans remain effective against cyber threats.

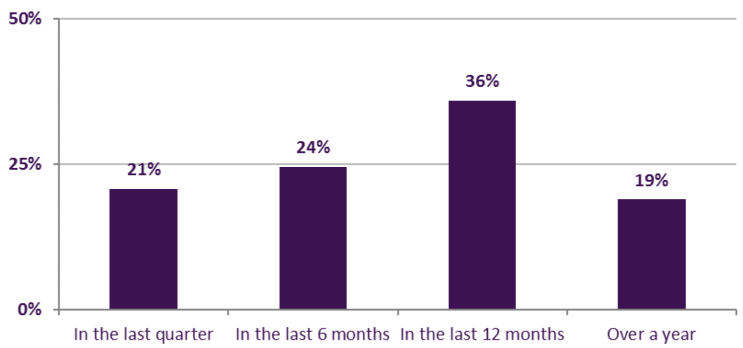


Fig. 10.3: When was the last time you conducted BCP testing?

Fraud Loss

Over half (57%) of Credit Unions report a loss due to fraud, despite operational resilience measures and cybersecurity being a top risk concern. The disconnect between risk awareness and actual fraud occurrences demonstrates potential gaps in fraud prevention capabilities, detection systems, or control effectiveness.

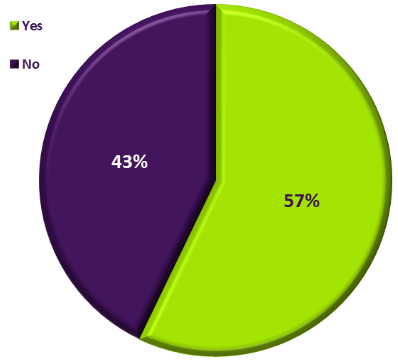


Fig. 10.4: Have you experienced a loss due to fraud?

Top Risks

IT and Cyber Security remains the predominant concern at 32%, though this represents a 6% decrease from the previous year. Strategy Implementation concerns and Loan Book Growth worries have also decreased.

Operational Resilience itself has increased as a perceived risk, reflecting the regulatory focus. Outsourcing concerns have doubled to 10%, which aligns with broader industry trends where operational resilience increasingly encompasses supply chain and third-party risk management.

Succession Planning and Key Person Dependency concerns have risen, and there is a substantial tail of lower-ranked risks. While individually these register between just 1-3%, collectively they represent a diverse risk landscape that Credit Unions must navigate alongside their primary concerns.

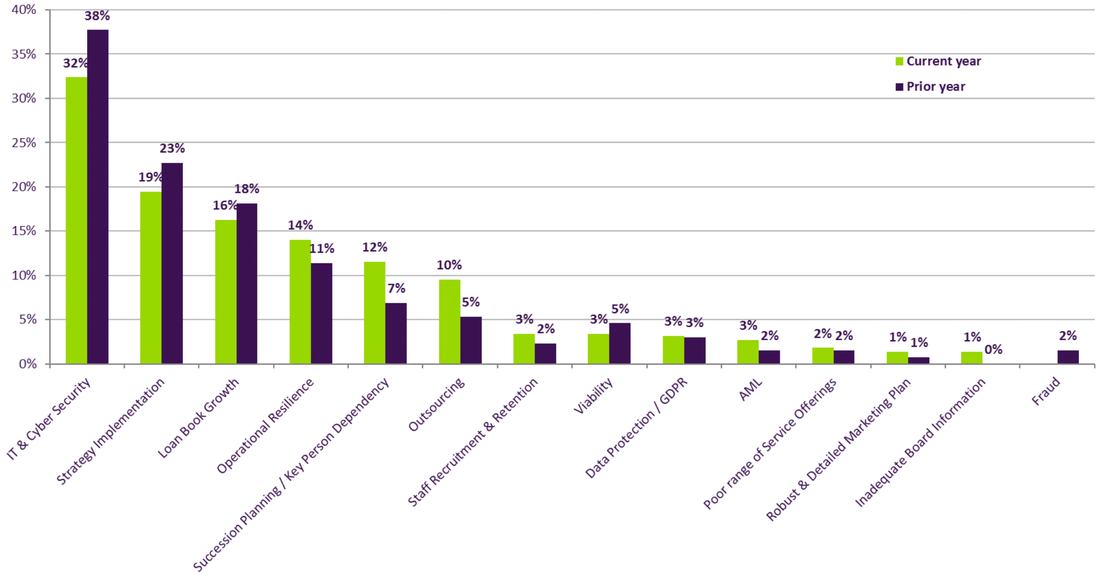


Fig. 10.5: Top Risks Identified by Credit Unions

11. Cybersecurity

Vulnerability Scanning

IT and cybersecurity risks are a key focus for the Central Bank, which is undertaking the 2024/2025 Thematic Review of IT Risk in the Credit Union sector.

The regulator's view is that Credit Unions need to be continuously vigilant regarding their IT systems vulnerabilities, particularly from cyber risks, and ensure that they have strong systems of controls relating to their IT framework.

The predominance of annual vulnerability scanning (39%) indicates that many Credit Unions may be approaching vulnerability scanning as a compliance exercise rather than as an essential component of ongoing security operations.

Only one in five Credit Unions perform weekly vulnerability scans, which is generally considered best practice for financial institutions.

A slightly lower percentage (17%) conduct monthly scans, while 23% opt for quarterly scanning.
80% of Credit Unions report having a documented Cyber Response Plan in place.

The awareness of cybersecurity governance requirements stands in stark contrast to the relatively low frequency of vulnerability scanning.

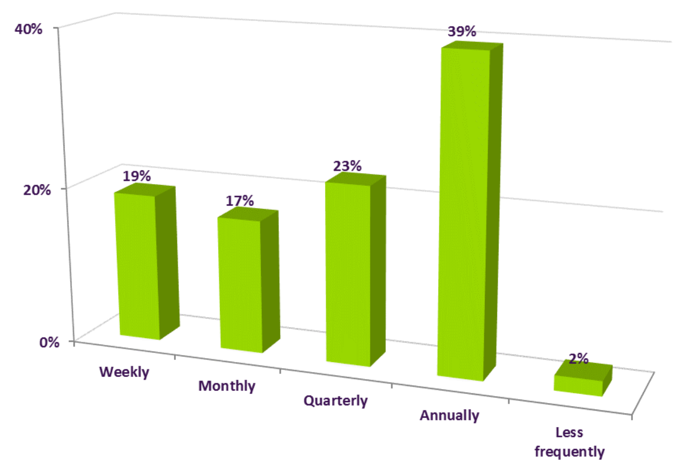


Fig. 11.1: How often do you undertake vulnerability scanning?

Cyber Awareness Training

Currently, 53% of Credit Unions conduct cyber awareness training annually, up from 30% in the previous year. Monthly training (32%) has seen a modest decrease, while quarterly training (11%) has seen a slight decline too.

Survey data shows that 6% of Credit Unions experienced a cyberattack in the past 12 months, which represents a three-fold annual increase. This surge should arguably drive more frequent training, not less.

Best practice would replace annual compliance-focused training with an ongoing programme. Monthly security updates and quarterly in-depth training sessions maintain awareness throughout the year. Staff handling financial transactions or member data need more intensive training than those with limited system access.

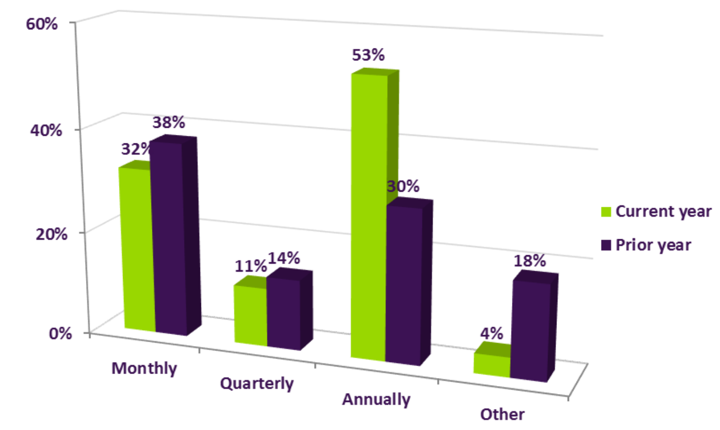


Fig. 11.2: Frequency of Cyber Awareness Training

12. Outsourcing

> "Credit Unions need to maintain their focus on enhancing outsourcing frameworks to meet regulatory requirements."

Colm O'Grady
Partner - RBK Credit Unions

Outsourcing

Most Credit Unions have made progress in updating their outsourcing frameworks to align with the Central Bank's Cross Industry Guidance. The regulator notes that as Credit Unions have an increasing reliance on IT third party service providers, Boards and management should take steps to establish an effective outsourcing internal control and monitoring framework.

Specifically, 68% have updated their Outsourcing Policy, while 66% have refreshed their Outsourcing Register to meet regulatory standards. Most notably, nearly all Credit Unions (89%) report having appropriately defined critical and important services.

About one in three Credit Unions remain behind in updating outsourcing governance documentation, and this compliance gap may expose these institutions to regulatory scrutiny and potential operational risks.

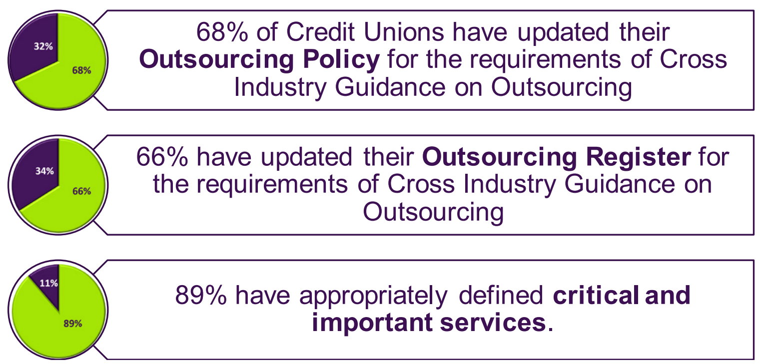


Fig. 12.1: Outsourcing

Outsourced Providers

50% of Credit Unions acknowledge they lack appropriate Key Performance Indicators (KPI's) to effectively measure the performance of outsourcing arrangements. This points to widespread uncertainty about how to effectively assess vendor performance.

Regarding review frequency, the heavy reliance on annual reviews (81%) with minimal quarterly monitoring (2%) indicates insufficient oversight for critical services where more frequent assessment would better mitigate operational risks.

Only one in three Credit Unions share the output of performance reviews with their service providers. Credit Unions would benefit from developing more robust KPI's, increasing review frequency for critical services, and establishing more transparent communication channels with their outsourcing partners.

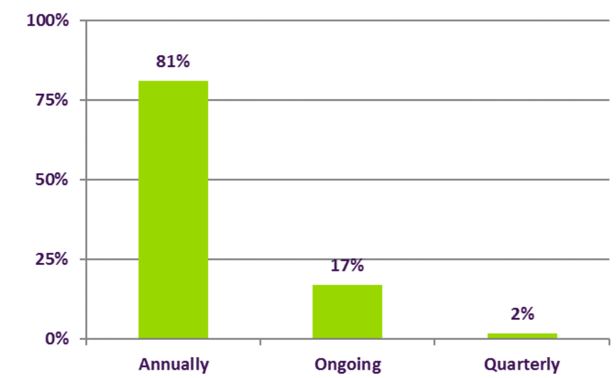


Fig. 12.2: How often do you do performance reviews of your outsourced providers?

13. Climate Change & ESG

Climate Change / ESG Policy

ESG factors have become mainstream, with over 80% of Credit Unions now incorporating an ESG policy into their policy framework. Regulatory pressures, member expectations, and competitive positioning are driving this shift. However, 29% Credit Unions still do not factor climate risks into their investment approach.

Climate Change / ESG Considerations

When examining how Credit Unions integrate ESG considerations into their operations, two-thirds have developed products and services with ESG considerations or options, indicating that environmental concerns are being translated into tangible offerings for members.

Governance structures are evolving to accommodate ESG priorities, and over half (58%) of Credit Unions have implemented an ESG Sustainability Strategy. However, this means that over 40% still lack this framework, indicating room for improvement in the area.

The weakest areas appear to be in performance measurement and staff preparation. Only 36% include ESG topics in their Key Performance Indicator reporting, and just 33% provide ESG training to staff.

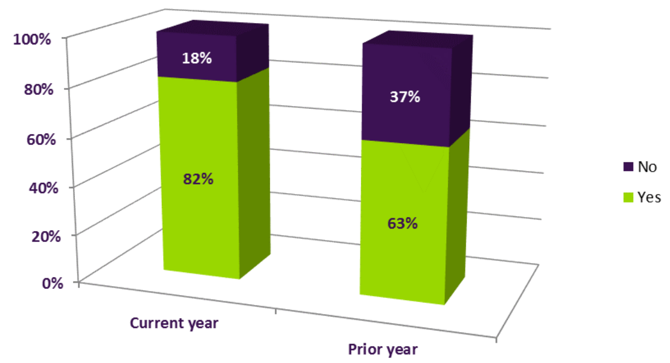


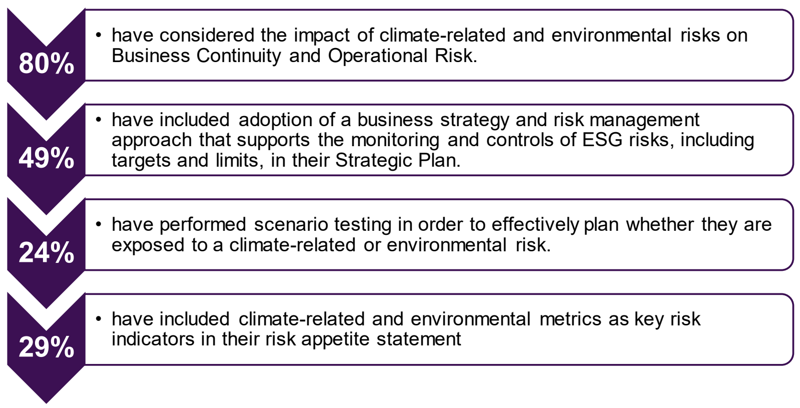
Fig. 13.1: Credit Unions with Climate Change / ESG Policy

Fig. 13.2: Climate Chnage / ESG Considerations

Climate Change / ESG & Risk

80% of Credit Unions have assessed the impact of climate-related and environmental risks on business continuity and operational risk, though integration into strategic planning and risk appetite appears less advanced. Only 49% have incorporated an ESG-focused business strategy and risk management approach in their strategic plan. Even fewer (29%) have included climate-related metrics as key risk indicators in their risk appetite statements.

Only 25% of Credit Unions have conducted scenario testing related to climate and environmental risks. The contrast between acknowledging ESG risks (65% including them in risk registers) and actually testing for them (24% performing scenario testing) highlights that many institutions remain in the early stages of operationalising their climate risk management.



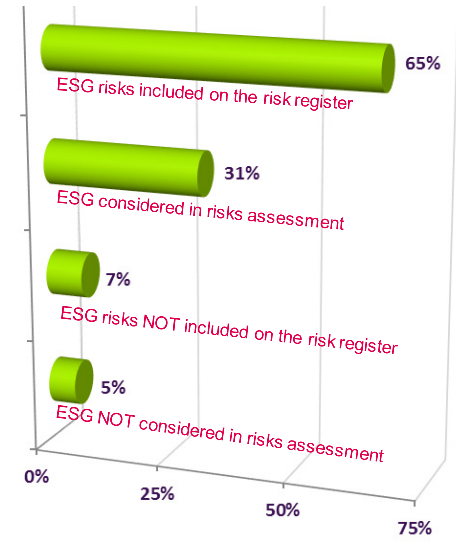


Fig. 13.3: Climate Change / ESG & Risk

14. Marketing

Marketing & Business Development

Declining marketing effectiveness is a notable trend, with a sharp drop in perceived effectiveness ratings and a tripling of poor ratings compared with the previous year. Interestingly, despite this general decline, there has been an increase in those rating the marketing function as excellent, rising from 2% to 10%. While some Credit Unions have improved their marketing approach, others have struggled.

- 27% • felt that the function scored a **4/5** in terms of effectiveness (Last year – 54%)
- 30% • felt that the function scored **3/5** in terms of effectiveness (Last year – 35%)
- 27% • felt the function scored **2/5** in terms of effectiveness (Last year – 9%)
- 6% • felt the function acored**1/5** in terms of effectiveness (Last year – 0%)
- 10% • of respondents felt the function scored **5/5** (Last year – 2%)

Fig. 14.1: Effectiveness of Marketing & Business Development Functions

New Members

Relative stability in meeting new member targets, despite declining perceptions of marketing effectiveness, indicate that targets have been adjusted or that other factors beyond marketing are influencing member acquisition. One third of Credit Unions failed to meet their member growth targets, which is disappointing and indicates the need to refocus and prioritize marketing and business development initiatives.

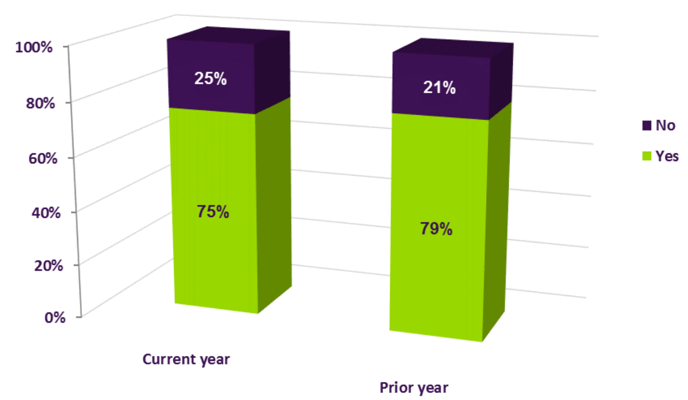


Fig. 14.2: Credit Unions with a specific / seperate Marketing & Business Development Function

> “While some Credit Unions have improved their marketing approach, others have struggled.”

Colm O’Grady
Partner - RBK Credit Unions

Member Recruitment Platforms

Digital channels dominate member recruitment strategies. Email marketing is also popular while mobile apps are utilised by 58% of Credit Unions. Traditional channels like direct mail, SMS, and radio maintain moderate usage, while television advertising is a minority choice.

With limited marketing channel diversification beyond digital basics, many Credit Unions may be missing opportunities to reach potential members through integrated multi-channel approaches and may be contributing to the reasons why a high percentage of Credit Unions did not achieve their new member targets.

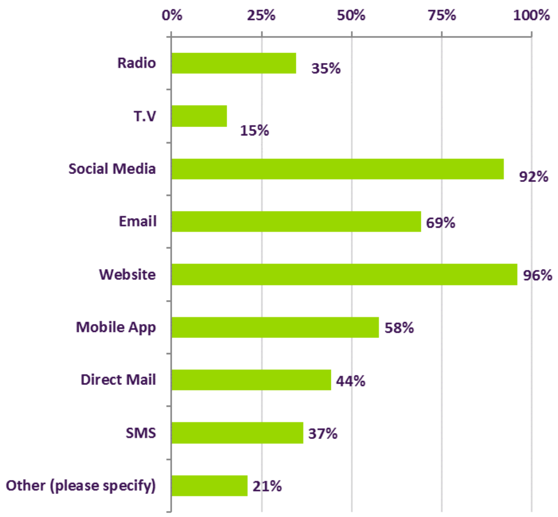


Fig. 14.3 Platforms used to target members

14. Marketing contd.

Member Engagement

Member feedback gaps are evident from the infrequent use of engagement surveys, with nearly half of Credit Unions not having surveyed members in over two years. Regular engagement surveys are essential for understanding member satisfaction and identifying areas for improvement. Without them, Credit Unions risk losing touch with changing member expectations. Best practice is to implement at least annual member surveys and establish continuous feedback mechanisms through multiple channels.

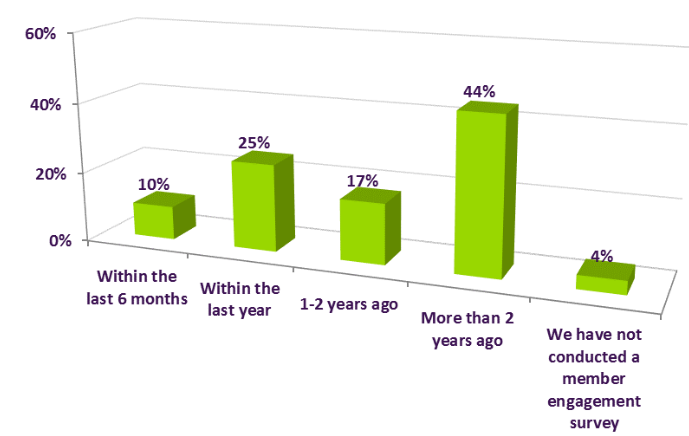


Fig. 14.4: When have you last conducted a Member Engagement Survey?

Collaboration

Collaboration between Credit Unions on products and services has remained relatively stable but shows a slight decline. In a competitive financial landscape, this modest decline in collaboration could impact smaller Credit Unions' ability to offer competitive products and services.

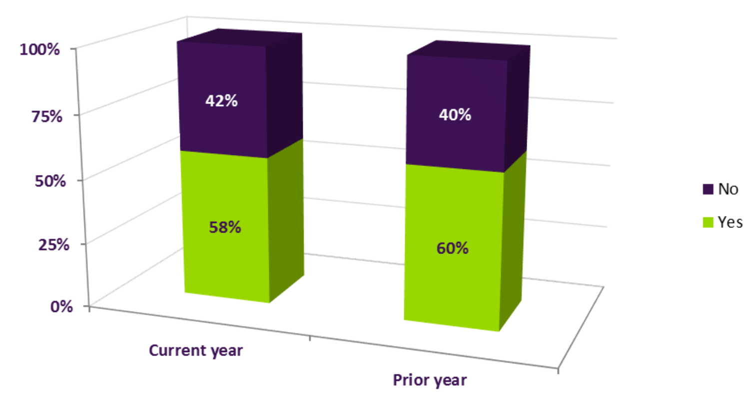


Fig. 14.5: Credit Unions that have Collaborated on Products and Services

Common Bond Penetration

Common Bond penetration (the percentage of eligible potential members who are actual members) varies widely across Credit Unions, ranging from as low as 10% to as high as 80%. The average penetration rate is approximately 45%, indicating untapped potential within most areas.

One in six Credit Unions (17%) are uncertain about their Common Bond penetration or found it difficult to establish. Without understanding this fundamental metric, developing effective strategies to expand membership becomes considerably more difficult.

Range
- 10% up to 80%

Average
- Circa 45%

Uncertain
- 17% of respondents were unsure what their common bond % is or found it difficult to establish

Fig. 14.6: Common Bond Penetration

15. Conclusions

The RBK Credit Union Benchmarking Survey report reveals several encouraging trends across the sector. Financially, there has been positive loan book expansion and dividend payments to members have increased.

Operational efficiency has improved: the wages-to-income ratio has fallen and the cost-to-income ratio has improved, particularly for community Credit Unions.

Home improvement is the leading loan category, followed by car loans. The Central Bank is proposing to revise lending regulations to increase capacity for house and business lending.

Merger activity appears to be slowing, and customer-facing roles dominate hiring intentions, particularly in lending and member services. Financial metrics dominate KPI tracking. Operational resilience has improved, though testing remains the most significant barrier to framework implementation. IT and cybersecurity continue to be the predominant risk concerns.

ESG considerations are becoming mainstream, while marketing effectiveness has declined. Digital channels dominate member recruitment strategies, but nearly half of Credit Unions haven't surveyed members in over two years. For most Credit Unions, there is untapped potential within their existing Common Bond.

Priorities for 2025

Based on the findings, Credit Unions should focus on:

- Continuing to grow their loan books whilst maintaining appropriate reserves
- Strengthening operational resilience, particularly testing scenarios, recovery procedures, and response capabilities
- Improving cybersecurity practices by increasing the frequency of vulnerability scanning and cyber awareness training
- Enhancing ESG integration beyond investment considerations
- Addressing HR challenges by ensuring structures support operational needs
- Developing more robust KPI's for outsourced providers and increasing review frequency
- Improving marketing effectiveness and member engagement through more regular feedback mechanisms
- Developing methodologies to accurately measure Common Bond penetration.

Our thanks once again to everyone who participated in our survey. If you would like more information and/or advice on any of the matters discussed, please contact a member of our team.

16. RBK Team

RBK have over 55 years experience working with Credit Unions and continue to offer a range of comprehensive services to meet Credit Unions' needs.

Our experience in working with Credit Unions has been diverse. The challenges faced by all our Credit Union clients are individual to their circumstances. The breadth of our experience ranges from strategic direction review and auditing, to day-to-day operations.

Our specialist commitment to the Credit Union sector also includes the completion of an annual Credit Union benchmarking survey as well as hosting regular Credit Union seminars on topical issues.

We know Credit Unions, their ethos and have a specialist team dedicated to the sector. We work to your requirements.

Michelle O'Donoghue
Partner
T: (01) 6440100 / (090) 6480600
E: modonoghue@rbk.ie

Ronan Kilbane
Partner
T: (01) 6440100
E: rkilbane@rbk.ie

Colm O'Grady
Partner
T: (01) 6440100 / (090) 6480600
E: cogrady@rbk.ie

Yvonne Clarke
Head of HR Solutions
T: (090) 6480600
E: yclarke@rbk.ie

Deirdre Ward
Senior Manager
T: (090) 6480600
E: dward@rbk.ie

Gareth Fitzpatrick
Manager
T: (090) 6480600
E: gfitzpatrick@rbk.ie

Harry Brennan
Manager
T: (090) 6480600
E: hbrennan@rbk.ie

Ross Murphy Sweeney
Assistant Manager
T: (090) 6480600
E: rmsweeney@rbk.ie

Michéal Reddington
Assistant Manager
T: (090) 6480600
E: mreddington@rbk.ie

RBK Office Locations

DUBLIN

Termini,
3 Arkle Road,
Sandyford,
Dublin, D18 C9C5,
Ireland.

Tel: +353 (1) 6440100

ATHLONE

RBK House,
Irishtown,
Athlone,
Co. Westmeath, N37 XP52,
Ireland.

Tel: +353 (90) 6480600

ROSCOMMON

RBK House,
Castle Street,
Roscommon,
Co. Roscommon, F42 NR79,
Ireland.

Tel: +353 (90) 6626750

CASTLEBAR

Upper Chapel Street,
Castlebar,
Co. Mayo, F23 PF21,
Ireland.

Tel: +353 (94) 9023242

CASTLEBAR

Breaffy Road,
Castlebar,
Co. Mayo, F23 DY67,
Ireland.

Tel: +353 (94) 9022622