

Q: What is the rating system when assessing the overall condition of a credit union?

A: The CAMEL (Capital adequacy, Asset quality, Management, Earnings and Liquidity) rating system is the primary tool for state-chartered credit unions. Another part of the examiner's qualitative analysis includes an assessment of the credit union's risk management program. In Risk Focused Examinations (RFEs), examiners assess the amount and direction of risk exposure in seven categories: Credit, Interest Rate, Liquidity, Transaction, Compliance, Reputation, and Strategic (seven risk categories) and determine how the nature and extent of these risks affect one or more CAMEL components. The National Credit Union Administration (NCUA) is the federal insurer of credit union deposits (like the FDIC for banks). The NCUA also periodically examines issues a CAMEL rating for Illinois-chartered credit unions.

Q: What type of depository products do credit unions offer?

A: Depository products vary from credit union to credit union. Those commonly offered are checking accounts, savings accounts, and money market accounts. Some credit unions also offer certificates of deposit, individual retirement accounts (IRAs), retirement services, insurance, and other products.

Q: What type of loan products do credit unions offer?

A: Products offered can include personal loans, credit cards, automobile loans, and home equity loans. Some credit unions also offer first mortgage financing and business loans for members.



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Credit Union Section

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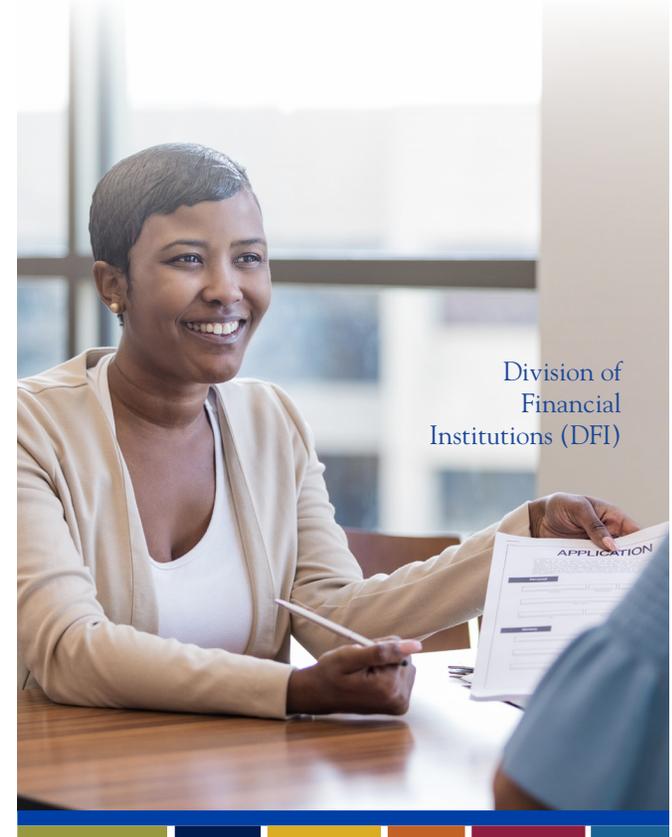
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Credit Union Section



Division of
Financial
Institutions (DFI)



IDFPR
Illinois Department of
Financial and Professional Regulation

Division of Financial Institutions Protects Consumers

The Illinois Department of Financial and Professional Regulation's Division of Financial Institutions has several key responsibilities, including:

- **Licensing** – Financial institutions operating in Illinois must be licensed or chartered in accordance with various laws. We pursue unlicensed entities to protect consumers against fraud, theft, and other abuses.
- **Application Review** – We review license applications and renewals to ensure that all lenders, credit unions, creditors, and other licensees meet licensing or chartering requirements.
- **Examinations** – The law requires us to examine financial institutions periodically. When necessary, we conduct additional exams to ensure that licensees are financially sound and complying with the law.
- **Education** – We participate in seminars and educational forums to educate consumers and the public.
- **Investigations** – We investigate all complaints against financial institutions in Illinois.
- **Disciplinary Actions** – We take disciplinary action against financial institutions in Illinois that violate the law or fail to meet licensing requirements. Discipline may include fines, corrective action plans, consumer relief, or license suspension or revocation.
- **Legislation** – We collaborate with the governor, legislators, and other stakeholders to create legislation that improves our regulated industries and promotes consumer protection.

Credit Union Section Background & Overview

The neighborhood credit union is an important community institution for many working families. Credit unions are owned by their depositors, who are “members” of their credit union. Credit unions serve as depositories and loan offices for homes and cars, while also providing a means of saving for retirement, a rainy-day fund, college tuition, or other purchases that might otherwise be out of reach.

The Illinois General Assembly passed the Illinois Credit Union Act in 1925 to safeguard the monetary deposits and other financial instruments of Illinois credit union members. The Credit Union Act, requires the Department of Financial and Professional Regulation to examine each credit union's financial condition. Regular examinations ensure that each credit union complies with the Act and other applicable laws, rules, and regulations. Examinations also allow the Department to supervise the financial health and soundness of credit unions and work with credit unions to protect their members.

Credit Union FAQ

Q: What are the duties and responsibilities of the Credit Union Section?

A: To regulate credit unions chartered by the [Illinois Credit Union Act](#), and to maintain a credible, responsive, and sound regulatory environment for members of state-chartered credit unions in Illinois.

Q: What is a credit union's main purpose?

A: As outlined in the Illinois Credit Union Act: to encourage thrift, to create a source of credit at a reasonable rate of interest, and to provide

an opportunity for its members to control their own money to improve their economic and social conditions.

Q: Which credit unions are regulated by the credit union section?

A: As of September 2020, there are 181 state-chartered credit unions with combined assets totaling \$47.6 billion, which provide services to over 2.8 million members.

Q: Who can form a credit union?

A: As defined by Section 1.1 of the Illinois Credit Union Act: nine or more persons of legal age, the majority of whom are residents of Illinois and who share a particular common bond, and who demonstrate that the venture would be economically advisable may organize a credit union. Other organizational steps are required, as described in Sec. 2 of the Act, such as creating bylaws and articles of incorporation, as well as the submission of all necessary documents for the approval of a new charter.

Q: What are the criteria for joining a particular credit union?

A: Members must share a common bond, such as belonging to a common association, group, organization, labor union, professional group, club or society; residing in the same reasonably compact and well-defined neighborhood or community; or having the same employer.

For most credit unions, relatives are also eligible. Those include a blood relative, spouse, or foster or adopted child of any person meeting a credit union's common bond criteria.