

Risk Management in Lithuanian and Irish Credit Unions: Trends and Impacts on Credit Union Development

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Abstract

The aim of this article is to examine the Irish and Lithuanian credit union movements in terms of risk management and risk performance, and to discuss credit union risk regulation. Risk management in credit unions often closely relates to credit union development stages so that as credit unions mature, higher standards of risk management should be implemented. In some cases, these changes are accompanied by shifts in the regulatory framework. A comparison of the situations in Lithuania and Ireland offers some interesting and sometimes unexpected contrasts in the levels of credit union regulation. Despite the comparatively advanced stage of development of the Irish movement, key aspects of risk regulation are considerably more lenient than in Lithuania, where the credit union movement is far smaller and less developed, yet at the same time, more tightly regulated. This comparison demonstrates that the regulatory regime is not always aligned with the stage of credit union development and may, indeed, reflect the economic policies of the country in which they operate.