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30/09/2022

Finantsinspeksioon carried out simultaneous inspections at two companies in the Coop Pank Group, Coop Finants AS and Coop Pank AS. It issued precepts to both companies as deficiencies were identified by both inspections. The financial supervisor found that Coop Pank AS, registry code 10237832, needs to improve its credit risk management and control. Coop Finants AS, registry code 12087992, needs to pay more attention to its assessment of creditworthiness and adjust its internal processes accordingly.

The onsite inspection at Coop Pank AS was intended to assess how the bank managed its credit, liquidity and IT risks. The operations of the bank between 30 September 2020 and 30 September 2021 were inspected. Finantsinspeksioon found shortcomings in all the areas it inspected, of which the most serious were in the management and control of credit risk in connection with the processes for credit analysis and risk assessment at legal entities, classification of loans, debt management processes, and methods for calculating provisions. The precepts issued by Finantsinspeksioon required the bank to make changes to the structure of the organisation and introduce processes and internal rules that would ensure that the credit analysis of legal entities, debt management, and risk-based classification of loan assets met the requirements, and that provisions were sufficient. The bank has until 31 October to remedy the shortcomings.

The purpose of the inspection at Coop Finants AS was to assess the methodology used at the company for assessing creditworthiness and whether it was applied in accordance with the law governing it. The inspection also looked at how the creditor collected information on consumers and issued credit to them. The credit files for consumer credit contracts signed in January and February this year were inspected, together with the internal rules regulating how creditworthiness is assessed. Finantsinspeksioon found that the internal rules at Coop Finants AS for assessing the credit worthiness of consumers did not fully comply with the requirements of the Creditors and Credit Intermediaries Act. It required the shortcomings to be remedied by 31 October at the latest.

The Credit Institutions Act requires Finantsinspeksioon as a general rule to publish on its website the type and scope of any violations covered by precepts issued under that law, the details of the person responsible for the breach, and information on appeals against decisions or withdrawals of them. Finantsinspeksioon has essentially the same right concerning creditors. This precept may be appealed at the Tallinn Administrative Court within 30 days of notification of the administrative decision.