

DCU BULLETIN
Division of Credit Unions
Washington State Department of Financial Institutions

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**STATE CREDIT UNIONS ENCOURAGED
TO ENHANCE LIQUIDITY**

The DCU is concerned that liquidity levels at state credit unions are generally low from an operational perspective. Moreover, in recent months, at least two credit unions have faced unexpected developments that could have caused a loss of member confidence. Consequently, we encourage all state credit unions to consider taking measures to enhance their internal liquidity levels as well as their arrangements with secondary liquidity sources. Among other options, credit unions should consider secondary sources such as Washington Corporate or the Federal Reserve Bank of San Francisco (Fed). The Fed generally acts as a backup to other industry liquidity sources. Interested credit unions should contact the Fed's Credit Unit, at 1-800-277-4133, ext. 2265, or at 415-974-2265.

The DCU intends to review the liquidity levels of all state credit unions in the weeks ahead. Those credit unions that raise liquidity concerns will be asked for additional information on their liquidity positions. We will be publishing a separate DCU Bulletin on this topic in the near future.

As you know, the DCU is also in the process of developing a proposed rule concerning the regulatory analysis of capital and liquidity adequacy of WCUSGA-guaranteed credit unions.

Please contact Parker Cann, at (360) 902-8778, or Linda Jekel, at (360) 902-8753, if you would like to discuss this Bulletin.