

Reputation Risk Indicators

Factor	Low	Moderate	High
Board and Operational Management Response to Change	Anticipates and responds well to changes of a market or regulatory nature that impact its reputation in the marketplace.	Adequately responds to changes of a market or regulatory nature that impact the institution's reputation in the marketplace.	Does not anticipate or take timely or appropriate actions in response to changes of a market or regulatory nature.
Organization and Overall Operations	Management fosters a sound culture that is well supported throughout the organization and has proven very effective over time.	Administrative procedures and processes are satisfactory. Management has a good record of correcting problems.	Weakness may be observed in one or more critical operational or administrative activities. Management information at various levels exhibits significant weaknesses.
Risk Management	The credit union effectively self-polices risks.	The credit union self-polices risks.	The credit union's performance in self-policing is suspect.
Internal Controls and Audits	Fully effective.	Generally effective.	Not effective in reducing exposure. Management has either not initiated, or has a poor record of, corrective actions to address problems.
Net Worth Exposure	Net worth is only minimally exposed by reputation risk. Minimal member complaints received, involving minor issues. Complaints are handled promptly, effectively, and efficiently.	The exposure of net worth from reputation risk is controlled. Adequate systems exist to process member complaints satisfactorily.	Net worth is substantially exposed by reputation risk shown in significant litigation, large dollar losses, or a high volume of member complaints. The potential exposure increases with the number of accounts, the volume of assets under management, or the number of affected transactions.
Legal Risk	Losses from fiduciary activities are low relative to the number of accounts, the volume of assets under management, and the number of affected transactions. The credit union does not regularly experience litigation or member complaints.	The credit union has avoided conflicts of interest and other legal or control breaches. The level of litigation, losses, and member complaints are manageable and commensurate with the volume of business conducted.	Poor administration, conflicts of interest, and other legal or control breaches may be evident.
Disaster Recovery Plans	Documented, tested, and effective plans are in place.	Adequate plans are in place.	Inadequate or non-existent plans.
Promotional and Educational Efforts	Effective promotional and educational efforts are made to reach existing and potential members.	Adequate promotional and educational efforts are undertaken.	Inadequate or non-existent promotional and educational efforts.