Welcome to Credit Union News

Welcome to our summer newsletter. It has been a busy period since our February issue, with restructuring the dominant theme in your sector. As Registrar, I want to commend the way credit unions have embraced the need to look to the future and take the steps needed to survive and thrive. In its June 2016 Communiqué the Credit Union Restructuring Board (ReBo) noted that at that stage there were 218 credit unions that had either restructured or were actively restructuring and that over 100 credit unions had successfully completed transfers of engagements and are now in the post-restructuring phase. With the 31 March deadline for restructuring through the ReBo process now passed, credit unions considering restructuring can signal their interest directly to the Registry.

There are currently 335 registered credit unions and 309 active credit unions. By the end of 2016, based on the number of projects notified to ReBo by 31 March, the number of credit unions may be closer to 280. This is a sizeable change both in terms of the numbers of credit unions and asset sizes of credit unions, which is the result of huge effort across the sector to safely conduct this large number of transfers while ensuring that you continue to provide services to your members.

The next challenge for restructured credit unions is to develop the appropriate business models to leverage the benefits of their mergers. This will take time to embed but focusing on achieving the strategic opportunities provided by restructuring is essential to future growth and sector stability. At the Registry we see that the development of the credit union business model must be driven by the sector and we welcome realistic and risk-based business model proposals from credit unions with the capability to deliver change in a prudent and well-managed way.

We see the development of new payments solutions as important for the future of the sector. To that end we have had constructive engagement with a number of credit unions to develop full services payment accounts. Broadly similar to a bank personal current account, these accounts will support payment instruments such as debit cards and mobile payment options. Credit unions must be approved by the Registry to offer this service. Approval will be based on our judgement of the strength of the credit union’s preparation for adding the new service including its assessment of the costs, benefits, viability and risks involved. We are currently at an advanced stage with a number of applications. This is a positive development. But it is important to recognise that for a number of credit unions it will not be a viable at this stage to add this service either due to issues of size, regulatory or operational feasibility.

At the Registry we want to ensure that we communicate clearly and appropriately with your sector and that we provide opportunities for you to talk to us. We are continuing our sector stakeholder dialogues aimed at advancing analysis and fostering a common understanding of the issues and impediments to the development of your business models. Current areas of focus include longer term lending, additional services approval process and publication of sectoral data. I encourage all credit unions to engage with us, either through participation in sub groups or through your sectoral representatives.

We look forward to continuing our dialogue and plan to keep you updated, including at our annual information seminars later this year.

Anne Marie McKiernan
Registrar of Credit Unions
In this issue of Credit Union News, the various articles have been categorised as articles from the Registry of Credit Unions (light green) and from other Central Bank Divisions (light grey). Articles have been colour coded for ease of reference.

Articles that are reminders or provide new information or updates have been further highlighted as such.

Feedback
We hope that you find this issue of credit union news useful and informative. We welcome your feedback at rcu@centralbank.ie.

On-Site Thematic Reviews
The Registry is undertaking two thematic reviews during 2016 in addition to regular on-site engagements under the Supervisory Engagement Model.

These thematic reviews cover:
• Management and Oversight of Outsourced Activities; and
• Fitness and Probity Due Diligence Requirements.

The specific focus of the thematic reviews will allow the Registry to focus on areas key to the operation of credit unions. A credit union sample size was selected to allow for lessons learned to be extrapolated across the sector.

Management and Oversight of Outsourced Activities
The review seeks to examine the appropriateness, suitability, due diligence, oversight and monitoring of the outsourced arrangements in credit unions. This is to understand better where, with respect to outsourced arrangements, risks arise and how these are managed and reviewed.

Fitness and Probity Due Diligence Requirements
The review seeks to examine whether credit unions are fulfilling their obligations with respect to persons holding a Controlled Function (CF) in the credit union. This includes carrying out due diligence on CFs and the role of the nomination committee in the Fitness and Probity regime.

Where issues are identified in an individual credit union following a thematic review, the credit union will receive follow-up from their supervisor. The Registry will also communicate to the sector, the overall findings of the thematic reviews, scheduled for Q4 2016. Our communication will give an overview of the findings, along with our supervisory expectations for the areas reviewed.
Restructuring Post-ReBo

As announced by the Minister for Finance, Mr Michael Noonan, 31 March 2016 was the final date for acceptance by the Credit Union Restructuring Board (ReBo) of voluntary restructuring proposals. The Registry is of the view that voluntary restructuring will continue to be an important contributory factor in placing the credit union sector on a stronger footing for the future.

The Registry issued a circular to all credit unions on 27 May 2016. The purpose of this circular is to encourage credit unions seeking to progress a voluntary restructuring solution (and who are not in receipt of a formal ReBo Letter of Offer) to contact the Registry. The Registry will seek to facilitate credit unions seeking a partner credit union (transferor), credit unions that are seeking to undertake the engagements of another credit union (transferee) and proposed combinations of credit unions which are seeking to advance transfer of engagement discussions.

The circular also enclosed the high level guide, ‘Transfer of Engagements – Explanatory Note and Related Forms’ which provides an overview of the transfer of engagements process (available in the Credit Union Handbook here). The Restructuring team in the Registry is available to meet with credit unions that wish to discuss or seek further information in relation to the transfer of engagements process.

The team can be contacted on 01-2244198 or 01-2244629 or at rcu@centralbank.ie.

Credit Union Advisory Committee - Review of the Implementation of the Recommendations in the Commission on Credit Unions Report

In December 2015, the Minister for Finance invited the Credit Union Advisory Committee (CUAC) to carry out a review of the implementation of the Recommendations set out in the Report of the Commission on Credit Unions. The Registry engaged with CUAC to provide regulatory input and views on the areas under review.

In its report, published on 6 July, CUAC identified that almost all of the Commission’s recommendations were implemented. It sets out recommendations in the following areas:

- Tiered regulation;
- Longer term lending limits;
- Consultation and engagement with the Central Bank;
- Governance;
- Restructuring;
- Business model development; and
- Additional matters including the common bond, interest rate ceiling and alternative means of voting.

CUAC has recommended that an implementation group be established to oversee implementation of the above mentioned recommendations. The Central Bank welcomed the publication of the report. We believe that a strengthened credit union sector can play a key role in the provision of services to members in the restructured financial services landscape and we look forward to working with sector stakeholders on the implementation group.

The Press Release issued by the Central Bank on the publication of the report is available here.

Deposit Guarantee Scheme Contributions

As outlined in the February 2016 issue of Credit Union News, funding arrangements for the Deposit Guarantee Scheme (DGS) are changing from a deposit based system to a risk based contribution system. Under DGS legislation, the Central Bank will establish a DGS Contributory Fund which must reach a level of 0.8% of covered deposits by 2024. For each credit union, annual contributions to the new fund will be based on their covered deposits and individual risk assessment.

It is expected that the first contributions will be calculated and collected in late November 2016. As previously outlined, funds held on deposit in the DGS Legacy Fund will be used to fund credit unions’ initial contributions. Once the funds in the legacy fund are depleted, credit unions will be required to make contributions directly into the contributory fund on an annual basis until the target level is achieved.

The Central Bank will provide credit unions with further details of the new funding arrangements in advance of the first contributions.
**Business Model Development**

The Registry recognises the strategic challenges facing the sector, the need to revitalise business models and find ways of doing business to better serve members, delivering on their expectations. The Registry is committed to engaging with credit unions on their business model development proposals. As part of that engagement process, we established Sector Stakeholder Dialogues in November 2015 to facilitate engagement with credit unions. This is with a view to gaining a better understanding of how credit unions want to develop their business model and to identify any changes that may be required to the regulatory framework to facilitate prudent development. Since the establishment of the Sector Stakeholder Dialogues six meetings have taken place.

The Terms of Reference of the Sector Stakeholder Dialogues have been agreed and are available [here](#). The composition of the group will be kept under review. Where issues are identified that may impact specific ‘groups’ (such as smaller credit unions) that are currently less well represented at the forum, the forum will have the ability to co-opt individuals onto either the forum itself or onto one (or more) of the sub-groups where a particular issue is being reviewed.

To date the focus of the forum has been on a number of areas including:

- Longer term lending;
- Additional services framework; and
- Publication of sectoral data.

The forum has identified co-ordinators for each of the areas and work is progressing. In the area of lending, the forum is discussing objectives for credit unions in relation to the longer term lending and the potential impact of current longer term lending limits. As a first step to making the longer term lending limits more usable, the Registry has undertaken work on potential changes to the conditions attaching to approvals for existing longer term lending limits, which were originally developed in 2007. Some initial proposals on how the conditions could be amended have been put forward for discussion within the forum. Members of the group have provided input on these proposals and the Registry will now work on progressing these proposals, including engaging with the sector more broadly.

In relation to additional services, the development of guidance on the application process for additional services is under consideration with a view to developing and publishing guidance material for credit unions. In relation to sectoral data, the forum is considering the type and format of data that could be published on a regular basis by the Registry.

The dialogues will continue over the coming months with the next meeting scheduled to take place before the end of September. We will keep credit unions updated and the forum will seek input on the areas being developed as proposals progress.

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**Credit Unions offering specified Insurance Services**

Credit unions can offer the insurance services set out in Schedule 2 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 to their members. These exempt services are:

- Insurance Services on an agency basis; and
- Insurance Services on an introduction basis.

Where a credit union provides these insurance services to its members, it must be clear to the members availing of the insurance service:

- that the credit union is not the underwriter of the insurance; and
- the identity of the underwriting insurer.
Applications to Retain and Increase Individual Members’ Savings in excess of €100,000

The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (the Regulations) provide that a credit union may apply to the Central Bank for approval to:

(i) Retain individual members’ savings in excess of €100,000 held at commencement of the Regulations; and/or
(ii) Increase individual members’ savings in excess of €100,000, where the credit union has total assets of at least €100 million.

Application forms for these processes were published on 16 May. The submission deadline for applications to retain savings in excess of €100,000 was 27 June 2016 and we are currently processing applications received. The application process to increase individual members’ savings in excess of €100,000, where the credit union has total assets of at least €100 million, remains open.

As provided for in the Regulations, in order for approval to be granted under (i) and (ii) above, an applicant credit union must demonstrate that the granting of such approval is consistent with the adequate protection of members’ savings and effective and proportionate having regard to the nature, scale and complexity of the credit union.

Applications to retain individual members’ savings in excess of €100,000, which were held at commencement of the Regulations, will be assessed primarily by reference to objective financial criteria related to the excess reserves and liquid assets held by the credit union. In addition, an applicant credit union will be required to outline a rationale for seeking to retain such savings.

Applications to increase individual members’ savings in excess of €100,000 will be assessed primarily by reference to the business case and related financial projections which an applicant credit union is required to submit along with its completed application form. This application form does not have a submission deadline and applications will be accepted on an ongoing basis.

In assessing both types of applications, we will take cognisance of all relevant information which we have gathered through our supervisory interaction with the credit union, including the outcome of any PRISM engagements.

Recent Credit Union Publications

To keep credit unions informed of guidance published/updated, set out below is a list of documents published by the Registry in 2016 to date.

<table>
<thead>
<tr>
<th>Date</th>
<th>Publication</th>
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<tr>
<td>January:</td>
<td>Updated Credit Union Handbook <a href="#">here</a>.</td>
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<td>January:</td>
<td>Sample Preliminary View Application Form for the provision of additional services <a href="#">here</a>.</td>
</tr>
<tr>
<td>May:</td>
<td>For Credit Unions with total assets of at least €100 million, application to increase individual members’ savings in excess of €100,000 <a href="#">here</a>.</td>
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<tr>
<td>May:</td>
<td>Transfer of Engagements – Explanatory Note and Related Forms <a href="#">here</a>.</td>
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<tr>
<td>June:</td>
<td>Implementation of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 for Credit Unions Frequently Asked Questions <a href="#">here</a>.</td>
</tr>
<tr>
<td>July:</td>
<td>Terms of Reference of the Sector Stakeholder Dialogues <a href="#">here</a>.</td>
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Engagements with the Sector in 2016

The Registry is committed to engaging with credit unions and sector stakeholders. Outside of our PRISM supervisory engagements, below is a summary and update on a number of our other engagements with the sector in 2016 to date.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>12 January:</td>
<td>Lecture by Deputy Registrar, Elaine Byrne for the Law Society of Ireland Diploma in Finance Law on Credit Union Sector Regulation.</td>
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<tr>
<td>30 January:</td>
<td>Address by the Registrar, Anne Marie McKiernan at the Annual CUDA conference. Read the Registrar’s speech here.</td>
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<tr>
<td>9/11 February</td>
<td>Address by the Registrar Anne Marie McKiernan at the LIA Awards Ceremony. —Dublin/Cork</td>
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<tr>
<td>2 March:</td>
<td>Address by the Registrar, Anne Marie McKiernan at the CUMA Annual Spring Conference. Read the Registrar’s speech here.</td>
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<td>8 March:</td>
<td>Presentation by the Head of Policy, Anna Marie Finnegan at the Credit Union Compliance Centre Working Group - Credit Union Regulatory Update.</td>
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<tr>
<td>23 April:</td>
<td>Address by the Registrar, Anne Marie McKiernan at the ILCU AGM. Read the Registrar’s speech here.</td>
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<tr>
<td>11 May:</td>
<td>Presentation by Head of Policy, Anna Marie Finnegan at the CUDA Compliance Training Event on The Role of Compliance Officers in Credit Unions.</td>
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<tr>
<td>19 May:</td>
<td>Presentation by the Deputy Registrar, Elaine Byrne and Head of Policy, Anna Marie Finnegan at the Cork Chapter IX Seminar on Credit Union Business Development.</td>
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<tr>
<td>15 June:</td>
<td>Presentation by Head of Policy, Anna Marie Finnegan at ACCA Full Day Update for Credit Unions on Legislative Changes – Commencement of remaining sections of 2012 Act &amp; 2016 Regulations.</td>
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</table>

See ‘2016 Sector Communications and Events’ on page 11 for further events and communications planned for the year ahead. The Registry welcomes opportunities to attend credit union sector events, please contact us at rcu@centralbank.ie.

Representatives from the Registry attended a number of credit union sector events in 2016, including the following:

(Left) President Michael D. Higgins and his wife Sabina with The Registrar, Anne Marie McKiernan at the ILCU AGM, in University of Limerick on 23 April.

(Right) The Registrar addressing delegates at the ILCU AGM on 23 April at the University of Limerick.

(Right) On 19 May Deputy Registrar, Elaine Byrne and Head of Policy, Anna Marie Finnegan attended Cork Chapter IX Seminar on Credit Union Business Development, where the Registry presented on the current Lending Framework for credit unions.

Attendees: Back (L-R): Mary O’Reilly, Education Officer, Cork Chapter; Noreen Linehan, Secretary, Cork Chapter; Alan Duff, PRO, Cork Chapter; and Brian Hayes, Moore Stephens. Front (L-R): Clair O’Reilly, O’Reilly Consulting; Elaine Byrne, Deputy Registrar; John Colbert, Chairman, Cork Chapter; and, Anna Marie Finnegan, Head of Policy.
Guide to Lending Protections for Micro and Small Enterprises and Guarantors

On 3 June 2016, the Central Bank published a short Guide for Micro and Small Enterprises and Guarantors (the Guide), highlighting the protections available to them in the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015 (the Regulations). This Guide outlines the ten things that micro and small enterprises and guarantors need to know about the protections contained in these Regulations.

The Guide explains that the Regulations aim to protect SMEs, introducing specific requirements for regulated lenders, including:

- Giving SME borrowers greater transparency around the credit application process;
- Providing SME borrowers with reasons for declining credit, in writing, that are specific to their application;
- Providing greater protections for guarantors;
- Contacting SME borrowers who have been in arrears for 15 working days;
- Warning SME borrowers if they are in danger of being classified as not co-operating; and
- Expanding the grounds for appeal and setting up an internal appeals panel.

On 2 June 2016 the Central Bank published Amendment Regulations to make a small number of technical amendments to the Regulations. An unofficial consolidation of the Regulations and the Amendment Regulations has been available on the Central Bank website here. This has been prepared by the Central Bank for ease of reference only and is not a legal document. The Regulations, which were published in December 2015, came into effect on 1 July 2016 for regulated lenders other than credit unions.

Credit unions will be subject to the Regulations from 1 January 2017.

The Counterfeit Analysis and Monitoring Unit

The Counterfeit Analysis and Monitoring Unit (the Unit) within the National Analysis Centre in the Central Bank is responsible for analysing all counterfeit submissions from financial institutions. The Unit also conducts inspections of financial institutions and cash-in-transit sites, to monitor and ensure their compliance with the ECB Decision 2010/14.

Credit Union Inspections

In 2016, the Unit conducted inspections in 30 financial institutions, including six credit unions. The Unit were impressed by the diligence and professionalism of the staff in credit unions, but would like to ensure that credit unions are aware of the following:

- Procedures should document treatment of fit and unfit notes;
- Process to be followed in the event of any counterfeits been detected should be documented;
- Training records should incorporate any new staff members; and
- If a credit union is using a machine to fitness sort notes, this machine must be on the ECB list of successfully tested types of banknote handling machines, which is available on the Central Bank website here.

Counterfeit Notes

The Unit has received over 3,500 counterfeit notes, from financial institutions this year. Over 70% of the counterfeit notes received were €20 and €50 denominations. There are currently two particularly notable counterfeits, a €100 note and a €500 note. While these two counterfeits are not prevalent in Ireland, credit unions should be aware of their existence.

The Unit looks forward to developing our relationship further with the credit unions, and their representative bodies, during 2016 and is committed to providing banknote handling training to the sector. The Unit can be contacted at cid.monitoring@centralbank.ie or on 01-2198818.
Personal Microcredit Scheme

In November 2015 the Personal Microcredit scheme (PMC) was launched as a pilot scheme in 30 credit unions (whose participation was voluntary). The initiative was first developed by bodies with an interest in social finance and these later joined an implementation group which included the Central Bank, the Department of Finance, the Department of Social Protection and credit union representative bodies.

The main purpose of the PMC is to provide small loan amounts (between €500 and €2,000) to financially excluded people whose only other financial recourse would be to moneylenders. The pilot scheme was confined to social welfare recipients who were eligible to repay their loans through the Household Budget deduction method operated by An Post in conjunction with the Department of Social Protection. The Central Bank contributed to a tailored credit policy, developed specifically for PMC loans.

In the six months to the end of May 2016, a total of 1,200 loans were issued by the 30 pilot credit unions, amounting in total to €720,000, with an average loan size of €600.

An independent study was undertaken by Amárach Consulting to assess the success of the pilot scheme, taking account of the views of the members of the implementation group, the participating pilot credit unions and borrowers who were issued loans under the pilot scheme. The study concluded that the PMC had a positive outcome from the differing perspectives and priorities of all three groups involved.

It is now proposed to extend the PMC to credit unions nationally by the end of 2016, making some amendments to the scheme arising from the pilot phase. Appropriate PMC policies, procedures and information campaigns are being developed by the implementation group. Participation by individual credit unions in the PMC scheme remains voluntary.

Annual Compliance Statement 2015 - Feedback

Since March 2014 all credit unions are required to submit an annual compliance statement (ACS) to the Central Bank. The ACS provides information on a credit union’s compliance with the requirements of Part IV of the Credit Union Act, 1997 (the 1997 Act), which includes provisions relating to the management and governance of the credit union. Where a credit union identifies material non-compliance with the requirements of Part IV of the 1997 Act, it must submit a Report of Material Non-Compliance to the Central Bank, including details of how and when the non-compliance will be rectified.

The ACS covers the period from 1 October to 30 September each year and is required to be submitted by 30 November that year. The ACS was first required to be submitted in November 2014; two ACS have been submitted by credit unions to date.

The ACS is an important tool to assist credit unions in assessing the implementation of and compliance with the governance framework set out in the 1997 Act.

The number of credit unions reporting non-compliance on the ACS has decreased somewhat between 2014 and 2015. While we welcome this trend, the level of reported non-compliance, in particular material non-compliance, with the requirements of Part IV of the 1997 Act remains high. Over half of credit unions who reported non-compliance reported material breaches. The areas included: requirements relating to the functions of the board (section 55), the nomination committee (section 56B) and the business continuity plan (section 76I).

Overall, it is clear that, based on the ACS, progress is being made by credit unions. However, data from the ACS together with our other supervisory engagement with credit unions points to the need for continued work by credit unions to further embed a compliance culture. We will continue to engage with credit unions on an individual basis on specific matters arising. We also remind credit unions to use the Credit Union Handbook and FAQs as tools to assist them in this area. These are available on the Central Bank website here.
Anti-Money Laundering – Annual Return Reporting Requirements

On 21 May 2015 the Central Bank published its ‘Report on Anti-Money Laundering/Countering the Financing of Terrorism and Financial Sanctions Compliance in the Irish Credit Union Sector’ (the report), also issuing it to credit unions at that time. The purpose of the report was to share the Central Bank’s findings and observations from Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) inspections conducted by the Central Bank and also from the Central Bank’s assessment of AML/CFT Risk Evaluation Questionnaires completed by credit unions.

As outlined in the report, credit unions are required to confirm that they have put in place appropriate measures to address the expectations outlined in the report.

For 2016, this confirmation will be requested via the Annual Return due for submission to the Central Bank no later than 31 March 2017, in line with normal reporting timelines.

The confirmation will be facilitated by an additional question in the Anti-Money Laundering section of the Annual Return:

Has the credit union put in place appropriate measures to meet the expectations as set out in the Central Bank’s most recent publication on Anti-Money Laundering/Countering the Financing of Terrorism and Financial Sanctions Compliance in the Irish Credit Union Sector as published on the Central Bank website?

An updated ONR User Manual and Guidance Notes on completing the annual return, including the completion of this new question, will be communicated to credit unions in advance of 30 September 2016.

Reporting Updates and Reminders

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Investor Compensation Scheme E-Payment 10
Initiatives

Updates to the Year End Return

The Registry is updating the Annual Return, Draft Financial Statements and Final Financial Statements to reflect the adoption of the FRS102 accounting standard. The changes will be included in the Year End return for 30 September 2016 onwards. Details of these changes have been communicated by email to credit unions in advance of September 2016.

Updated Year End Guidance Notes and Online Reporting System (ONR) User Manual will also be published in advance of 30 September 2016 to assist credit unions in using the updated returns. These documents and a Frequently Asked Questions on the Year End return will be made available on ONR. Previous versions of the Year End return will still be available for credit unions to view in ONR.

For queries in relation to the Year End return, please contact rcu@centralbank.ie.

Fitness and Probity

In advance of the credit union year end, credit unions should be aware of certain issues when submitting an Individual Questionnaire (IQ) for pre-approval in advance of their AGM.

Individual Questionnaire

Please ensure to include credit union experience on IQs submitted for pre-approval, under section 3.1, “Professional Experience and other Relevant Experience”.

Based on a review of 2015 and 2016 IQs, a large percentage of IQs submitted by credit unions did not include relevant credit union experience; which is taken into account in assessing applicants for CUPCF-1 (Chair) and CUPCF-2 (Manager). Where all relevant information is included in the IQ at the outset, it facilitates timely processing.

PCF (Pre-Approval Controlled Function) Information on the Online Reporting System

Following the approval by the Central Bank of an applicant for a PCF role, the credit union should notify the Central Bank via the Online Reporting System (ONR) of the date the PCF holder takes up their role. This is the ‘effective start date’ in the case of a manager, and the election date in the case of a chair.

The ONR must also be updated to confirm cases where the applicant will not take up their role, once this becomes clear to the credit union.
Updated Prudential Return

The Registry would like to acknowledge the work done by credit unions in submitting their Prudential Return (PR). In general, the majority of credit unions submit their PR to the Central Bank in a timely manner. The Registry recognises the ongoing work of credit unions to ensure that this is the case.

The PR was updated to reflect the new regulatory requirements set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The changes were included in the PR for 31 March 2016 onwards. The Registry issued all credit unions with a circular on 14 July setting out areas where additional guidance and clarity may be useful for completing the PR. Credit unions are encouraged to consider the issues addressed in the circular when completing subsequent PRs.

Attached Savings Reminder

Following recent on-site engagements with credit unions, it has been identified that the requirements of section 32 of the Credit Union Act, 1997 (the 1997 Act) have not been reflected in a number of credit unions credit agreements and IT systems.

For loans granted on or after 11 October 2013, attached savings are the savings pledged in writing by a member and/or guarantor, as security. A member’s savings are not attached to a member’s loan unless the savings are attached or pledged as part of the credit agreement with the member at the time of issuing the loan.

Section 32 of the 1997 Act was amended by the Credit Union and Co-Operation with Overseas Regulators Act 2012, and came into effect on 11 October 2013. Credit unions must ensure that their credit agreements and IT systems have been updated to reflect section 32 of the 1997 Act.

Impact on Prudential Return Reporting

Failure to update a credit unions credit agreements or IT systems may result in the incorrect reporting of attached savings in the Prudential Return. Credit unions need to ensure that all reporting to the Central Bank is complete, accurate and in compliance with the relevant legislation and Central Bank guidance. Credit unions (Managers/Risk manager/Compliance officers) should check their credit agreements and IT systems to ensure that they are in compliance with section 32 of the 1997 Act.

If you require any further information or have questions arising please contact your supervisor.

Investor Compensation Scheme E-Payment Initiatives

The Investor Compensation Company Limited (ICCL) is an independent body set up under the Investor Compensation Act, 1998 (the 1998 Act) and is Ireland’s statutory ‘fund of last resort’ for customers of authorised investment firms.

Where a credit union is authorised by the Central Bank to provide investment services or insurance mediation activities, the credit union is required to be a member of the Investor Compensation Scheme (the Scheme). The Scheme provides statutory levels of protection to eligible members of the credit union in circumstances where the credit union cannot meet its contractual liabilities to an eligible member arising from the provision of investment services or insurance mediation activities.

In support of the National Payments Plan initiative to increase the usage of electronic payments, the ICCL is offering a discount of 5% (capped at €25) to participant firms that sign up to Direct Debit online, and a further 5% if they sign up to e-invoicing. Participant firms who sign up for both initiatives can avail of a saving of between €21 and €50 from their statutory ICCL annual levy.

How to get the discount?

Signing up is easy, the credit union simply needs to:
• Set up an account in the ‘myICCL’ section of the ICCL website and follow the links;
• Input the required details for E-Invoicing and Direct Debit collection.

When does it have to be done by?

To avail of the discount for the next invoicing cycle in August 2016, ensure to have signed-up in advance of 31 July 2016. Credit unions have a good history of paying their levies to the ICCL in a timely manner. However, where a credit union fails to pay its levy on time, it is reported to the Central Bank for failing to comply with its obligations under the 1998 Act.
Registry of Credit Unions – some changes

Tommy Hannafin has been appointed Deputy Registrar of Credit Unions with responsibility for Supervision and will take up his new position on 2 August 2016. Tommy will work alongside Deputy Registrars’ Elaine Byrne, responsible for Policy and Restructuring, and Frank Brosnan, who will now have responsibility for Business Model Development and Engagement Strategy. Tommy was previously Deputy Head of Banking Supervision – Inspections Division with particular responsibility for Credit, Liquidity, Market and Capital risks.

Announcing the appointment, Registrar Anne Marie McKiernan said: ‘I am delighted to announce the appointment of Tommy Hannafin as Deputy Registrar of Credit Unions with responsibility for Supervision. Tommy brings a broad range of financial system knowledge and experience to the position. I would also like to take this opportunity to thank Frank Brosnan for his contribution to the development and embedding of the Registry’s supervisory approach and outcomes over recent years, and welcome his move to strengthen our role in dealing with the sector’s business development proposals’.

Tommy Hannafin joined the Central Bank in 1990. Having started his career in the Currency Centre Tommy then spent over 10 years on the Central Bank’s Investment Desk, the majority in the position of Chief Dealer. In 2006 he moved to Banking Supervision where he held a number of direct supervisory roles. In 2012 he took up the position of Deputy Head of the Banking Supervision International Banks Division and with the establishment of the Single Supervisory Mechanism in November 2014 he took up the position of Deputy Head of Banking Supervision – Inspections Division.

2016 Sector Events and Communications

28 July: University College Cork Credit Union Summer School - Deputy Registrar, Elaine Byrne to present.
23 August: Credit Union Compliance Centre AGM in Trinity College Dublin.
13-14 September: CUMA Autumn Conference – Registry of Credit Unions to address conference
20-22 September: National Ploughing Championships, Tullamore, Co Offaly – this will be attended by representatives from the Registry.
5-6 November: National Supervisors Forum Conference - Registrar to address conference
Quarter 4: Annual Information Seminars.
Quarter 4: Publication of feedback on the 2016 Themed Reviews.

Key Dates for Credit Unions in 2016

10 August: Final date for acceptance of submissions on the Loan-to-Value and Loan-to-Income Regulations. See the submission page here.

From 1 October: Draft financial statements must be submitted to the Central Bank via the ONR before the credit union can set the date of its AGM.

21 October: Final date for the submission of the September 2016 Prudential Return.

Circa 2 months in advance of the AGM: Submission of an individual questionnaire for new chair applicants.

30 November: Final date for the submission of the Annual Compliance Statement.
**Contact Us**

As part of our commitment to on-going communication with you, we have set out details of the main contact points for queries below. Please contact us directly, either via your RCU supervisor or at rcu@centralbank.ie, with any questions or queries.

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<td>General day to day supervisory queries</td>
<td>Registry of Credit Unions (RCU)</td>
<td>Credit union supervisor/ <a href="mailto:rcu@centralbank.ie">rcu@centralbank.ie</a></td>
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<td><strong>Queries for other Central Bank Divisions:</strong></td>
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<tr>
<td>Anti-Money Laundering/Countering Terrorist Financing</td>
<td>Anti-Money Laundering Division</td>
<td><a href="mailto:AMLpolicy@centralbank.ie">AMLpolicy@centralbank.ie</a> <a href="mailto:sanctions@centralbank.ie">sanctions@centralbank.ie</a></td>
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<td><strong>Consumer Protection:</strong></td>
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<td>Retail Intermediaries – Authorisations</td>
<td>Consumer Protection Directorate</td>
<td><a href="mailto:CPCOperations@centralbank.ie">CPCOperations@centralbank.ie</a> <a href="mailto:retailIntermediaries@centralbank.ie">retailIntermediaries@centralbank.ie</a> <a href="mailto:brokers@centralbank.ie">brokers@centralbank.ie</a></td>
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<td>Deposit Guarantee Scheme</td>
<td><a href="mailto:dgscreditunions@centralbank.ie">dgscreditunions@centralbank.ie</a></td>
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<td><a href="mailto:fitnessandprobity@centralbank.ie">fitnessandprobity@centralbank.ie</a></td>
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<td>Financial Control Division</td>
<td><a href="mailto:funding@centralbank.ie">funding@centralbank.ie</a></td>
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<td>Calculation of reserve requirements</td>
<td>Statistics Division</td>
<td><a href="mailto:creditunion@centralbank.ie">creditunion@centralbank.ie</a> <a href="mailto:eurosettlements@centralbank.ie">eurosettlements@centralbank.ie</a></td>
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<td>Euro-settlements team</td>
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<td>Central Bank</td>
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<td><a href="mailto:modesk@centralbank.ie">modesk@centralbank.ie</a></td>
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<td>Confirming balances and meeting your reserve</td>
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<td><a href="mailto:onlinereturns@centralbank.ie">onlinereturns@centralbank.ie</a></td>
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<td>Currency Issue Division</td>
<td><a href="mailto:CID.monitoring@Centralbank.ie">CID.monitoring@Centralbank.ie</a></td>
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<td>Payments and Securities Settlements Division</td>
<td><a href="mailto:paystats@centralbank.ie">paystats@centralbank.ie</a></td>
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