



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Credit Unions

Central Bank Expectations in light of Covid-19

Version available on website from 16 April 2020 to
28 February 2023

Explanatory note: In light of the unprecedented challenges faced by credit unions in responding to COVID-19, in April 2020 the Central Bank provided credit unions with a level of regulatory flexibility in relation to credit union reporting remittance dates for regulatory returns and Risk Mitigation Programme timelines. There was further correspondence on this area in November 2020. These communications are available below for reference purposes only.



16 April 2020

RE: COVID-19: Regulatory Flexibility Measures for Credit Unions – Regulatory Returns and RMPs

Dear Chair,

As noted in our letter to all credit unions dated 31 March 2020, the Central Bank recognises the key role that credit unions play in the delivery of financial services in local communities across Ireland, the need for which is heightened at this time.

In light of the unprecedented challenges faced by credit unions in responding to COVID-19, and the pressures that this could impose on the resources of individual credit unions, the Central Bank's view is that supervised entities, including credit unions, should focus to the maximum extent possible on acting in the best interests of members, and to continuing to fulfil their role in funding the real economy as the economic effects of COVID-19 take hold.

During this and any period, we expect credit unions to continue to meet their regulatory and statutory obligations on an ongoing basis. However, the Central Bank recognises that many credit unions are under significant organisational stress and that some limited and time-bound regulatory flexibility may allow credit unions to better serve their members and the wider economy in the current environment. In this regard, the Central Bank is providing credit unions with a level of flexibility in the areas outlined below.

Regulatory Flexibility

The tables below detail the areas of regulatory flexibility granted for credit unions, for certain regulatory reporting dates and for RMP timelines.

Table 1: Changes to Credit Union Reporting Remittance Dates

<u>FLEXIBILITY MEASURE 1</u>	DESCRIPTION	FLEXIBILITY GRANTED
<u>REGULATORY RETURNS</u> <u>REMITTANCE DATES</u>	1. Credit Union 31 March 2020 Prudential Return Deadline extended.	Extension of the deadline from 21 April 2020 to 12 June 2020.
	2. Additional submission extension for the following September 2019 year end returns: 1) Annual Return 2) Final Financial Statements 3) Annual Audited Accounts.	Extension of the deadline from 31 March 2020 to 12 June 2020 for those credit unions who have yet to submit some or all of these returns.



<u>FLEXIBILITY MEASURE 1</u>	DESCRIPTION	FLEXIBILITY GRANTED
	3. Operational Risks and Security Assessment Report deadline extended.	Extension of the deadline from 31 March 2020 to 12 June 2020 for those credit unions who have yet to submit this return.
	The Central Bank encourages those credit unions in a position to meet the existing reporting deadlines to continue to do so. Individual credit unions should engage directly with their supervisor in the Registry of Credit Unions where they have difficulties in relation to meeting specific Regulatory Returns remittance dates.	

Table 2: Changes to RMP Timelines

<u>FLEXIBILITY MEASURE 2</u>	DESCRIPTION	FLEXIBILITY GRANTED
<u>RISK MITIGATION PROGRAMME ('RMP') SUBMISSION DATES TO THE CENTRAL BANK</u>	4. RMP Actions due for implementation.	Consideration of extensions to specific RMP implementation dates.
	The Central Bank encourages those credit unions in a position to meet the existing RMP implementation dates to continue to do so. Individual credit unions should engage directly with their supervisor in the Registry of Credit Unions where they have COVID-19 related difficulties in meeting specific RMP submission dates.	

Extension to Regulatory Returns remittance dates – including 31 March 2020 Prudential Return

The Central Bank encourages those credit unions in a position to meet existing reporting and disclosure deadlines to continue to do so. However, in view of the current circumstances, flexibility has been granted in respect of certain regulatory reporting remittance dates, including the 31 March 2020 Prudential Return for which the remittance date has been extended from 21 April 2020 to 12 June 2020.

In relation to the Annual Return, Final Financial Statements, Annual Audited Accounts and Operational Risks and Security Assessment Report (2-3 in Table 1) which were due to be submitted by 31 March 2020, we are appreciative of those credit unions who have already submitted some or all of these returns. For those credit unions who have yet to submit some or all of these returns, the remittance date has also been extended until 12 June 2020.

Reliable supervisory reporting is crucial in times when the financial system faces many challenges caused by the COVID-19 outbreak. To examine the effects of COVID-19 on the financial sector, including on credit unions, the Central Bank will require additional targeted information to be submitted by credit unions in due course. This will include some statutory reporting obligation required for statistical and minimum reserve requirements which are required in advance of the extended deadlines for the prudential returns. While we aim to be measured and pragmatic with these data requests in terms of the type and frequency of requests, recognising the rapidly evolving nature of the situation we are faced with, we expect credit unions to continue to engage constructively with us and respond to such requests in an expedient manner.



Flexibility on RMP action implementation dates

The Central Bank recognises that COVID-19 requires regulated entities to take the actions and steps needed to cope with significantly changed operational demands, to remain resilient, and to continue to serve their customers and the economy. The Central Bank expects those credit unions in a position to meet the existing RMP deadlines to continue to do so. Individual credit unions should engage directly with their supervisor where they have COVID-19 related difficulties in meeting specific RMP submission dates including the reasons why. Supervisors will consider on a case-by-case basis whether the postponement of particular actions may be necessary in order to achieve the objectives stated above.

Summary

In the current environment, credit unions are appropriately focussing on the health and wellbeing of their volunteers and staff and continuing to serve their members. Given the ongoing and ever-changing situation, we want to emphasise the importance of credit unions maintaining communications with us. In this regard, we stress the continued need for early engagement with your supervisor in the Registry of Credit Unions on any emerging issues.

We will continue to review our approach to regulatory flexibility throughout the duration of the COVID-19 pandemic and may provide further updates as required.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Patrick Casey', written over a horizontal line.

Patrick Casey
Registrar of Credit Unions



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5 November 2020

RE: Update on 16 April 2020 correspondence in relation to COVID-19: Supervisory Flexibility Measures for Credit Unions

Dear Chair,

In April 2020, the Central Bank applied a level of supervisory flexibility in relation to the deadlines for remedial actions/measures to ensure credit unions could take the actions and steps needed to cope with significantly changed operational demands, to remain resilient, and to continue to serve their customers and the economy.

Individual credit unions could engage directly with their supervisor where they had difficulties in relation to meeting specific risk mitigation programme (RMP) submission dates. Supervisors assessed the circumstances and determined on a case-by-case basis whether a postponement of such measures would be necessary in order to achieve the objectives stated above.

Given that credit unions have shown operational resilience, the Central Bank now expects credit unions to meet specific RMP submission dates. Should credit unions identify concerns in meeting these timelines they should engage in a timely manner with their supervisor in the Registry of Credit Unions.

The Central Bank will continue to review its approach to supervisory flexibility for credit unions throughout the duration of the COVID-19 pandemic and may provide further updates as required.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Patrick Casey', written over a horizontal line.

Patrick Casey

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