The ILCU welcomes the review of the Minimum Competency Code 2011 and the opportunity to address within this document some of the issues which apply to the credit union sector in particular.

Review of Minimum Competentcy Code 2011

ILCU Response to CP 106

15th February 2017

Central Bank of Ireland - RESTRICTED

Contents

Background

The Irish League of Credit Unions (ILCU) is the largest credit union representative body on the island of Ireland. It was founded to provide representation, leadership, co-operation, support and development for credit unions in both Northern Ireland (NI) and the Republic of Ireland (ROI). Credit unions affiliated to the ILCU elect the leaders of the ILCU and ultimately drive what the ILCU delivers. The ILCU responds directly to the needs of the affiliated credit unions. As an advocate of the credit union ethos of mutuality, volunteerism, self-help and not for profit philosophy; the ILCU has a vision to influence and inspire the credit union movement to achieve all its goals – social, economic and cultural – while always respecting the individual's rights and dignity. The ILCU achieves its vision in the following ways:

- Providing leadership for the movement in philosophy and services,
- Fostering and maintaining unity and co-operation between credit unions,
- Developing and making available to credit unions and their members, a full range of highest quality financial products and services,
- Recognising the value of volunteers, staff of the credit union movement and the dignity of credit union members and their value in the community by their contribution to the social development of communities in Ireland and other countries.

299 registered ROI credit unions (of a total of 310 in ROI) are affiliated to the ILCU[1]. Of the 299 credit unions affiliated to the ILCU circa. 161 are authorised for insurances and therefore fall under the current Minimum Competency Code (MCC) 2011.

As part of this consultation we surveyed affiliated credit unions as to the possible impact of the proposed changes on credit unions, asking what products they provided or were thinking of providing; how many persons were currently MCC qualified in those products and their views on qualification requirements for boards. Over a third of our ROI credit

[1] Registered credit unions as of January 2017. The number of "active" credit unions is slightly lower due to approximately 20 registered credit unions in the process of mergers and transfers at time of writing.

unions responded to this survey. (Where we have quoted results of this survey this is referenced within the enclosed document.)

Introduction

The ILCU welcomes the review of the Minimum Competency Code 2011 and the opportunity to provide recognition to the standard of knowledge and competencies held within the credit union sector in particular.

The ILCU is very aware of the unique position of credit unions as not for profit, volunteer led, community based, financial cooperatives and have always contended vigorously that a 'one size fits all' response to regulation, (including conduct of business), is, and has proven to be unappreciative of the credit union sector where its motivations, governance structures, aims and objectives are quite unique. We note that the proposals suggested significantly disadvantage credit unions in particular, as they do not provide transitional arrangements which were available to other sectors who previously implemented the full MCC requirements for all relevant retail financial products and do not take into account the financial and resource impact of these potential requirements.

In addition, we are very concerned as to the suggested definition of "Term Deposits" as applied to credit unions and the suggestion that this then requires application of savings and investment qualifications on credit union personnel, in addition to the wide ranging lending qualifications being proposed.

Finally, we are concerned as to the potential application of broad sweeping qualification requirements on the non-remunerated, volunteer boards of credit unions who decide to engage in mortgage activity.

We have surveyed ILCU affiliated credit unions as part of our response to gauge how these proposed changes will affect credit unions, in particular the extension of MCC requirements to core business and boards. 111 of our ROI credit unions have responded (representing 35% of all ROI credit unions) and the sample was representative of the entire credit union movement; including differing sizes, locations, and types (community and industrial). We therefore feel that this is an adequate response to extrapolate the full impact the proposed changes to MCC would have across the credit union movement.

Regulatory Impact Analysis (RIA) Required

Bearing in mind the very significant implications of what is being proposed, the ILCU strongly advocates that a Regulatory Impact Analysis be conducted to ascertain the impact on the credit union sector for some of the more far reaching elements of the consultation such as;

- the proposed extension of minimum competency requirements to core credit union products without grandfathering arrangements,
- the suggestion that credit union type "demand deposit" accounts be defined as "term accounts" which would result in the application of mandatory investments qualifications on a significant cohort of credit union personnel not previously under this requirement,
- the proposed extension of minimum competency requirements to non-executive, volunteer, non-remunerated boards of credit unions for the purpose of oversight of mortgages.

The purpose of an RIA is that it, in part, *"helps to identify any possible side effects or hidden costs associated with regulation and to quantify the likely cost of compliance on the individual citizens or the business"*[2]. We would advocate for this to be carried out.

2 Page 3, Revised RIA Guidelines : How to Conduct a Regulatory Impact Analysis, Roinn an Taoiseach, June 2009

Current Relevancy Rules for the Sector, as set out in the current MCC

The current MCC, as it applies to credit unions, has brought about some counterproductive, if unintended, consequences in relation to the breadth of knowledge and competence which has developed in credit unions. Fundamentally the current MCC, by imposing a requirement to conduct 15 hours of training per annum, per person through CPD, but restricting those 15 hours to a very narrow range of topic areas, (essentially insurances and regulatory compliance to date), has resulted in a disproportional emphasis on the balance of skills and knowledge that has developed across the credit union movement.

Undertaking 15 hours of training per person, per annum is a challenge and significant operational cost for credit unions. Where those 15 hours mandated by the Central Bank of Ireland are restricted to a narrow range of non-core, non-business development, and ultimately non-strategic areas, the unfortunate result is that development has been less focussed in other key areas. Put simply, given the choice of attending a relevant course on business or strategic development, versus a CPD accredited course, the preference has been for the CPD accredited course often at the expense of the course which may be considered more appropriate for the competence requirements of the individual to carry out their role.

The case that additional hours should be completed (above the current 15 hours per annum requirement) on other relevant areas misunderstands the dynamics of the movement and seeks to apply standards designed for large, corporate financial organisations to small community cooperatives. Large financial services providers are able to undertake more than 15 hours development of its personnel; their breadth of services and product offerings require it, and importantly, their scale affords it. Credit union personnel make great effort to reach the 15 hours as is. To restrict the topics which satisfy this requirement to content areas that do not address the very real and critical issues that credit unions currently face contradicts the objective of broadening knowledge and competence within the movement.

The ILCU seek to request that the MCC (or at least the relevancy requirement laid out in CPD for credit unions) be adapted to allow recognition of critical areas of real risk. These areas, as identified by the credit union Regulator in reviews, would include business development, strategic planning and financial management. If these types of areas were recognised under MCC it would facilitate credit union personnel, (particularly key management personnel) to up-skill and continually develop in these areas and recognise the unique and critical needs that exist in this sector. The current CPD requirement in the MCC, that topics undertaken for CPD cover a broad range of areas which should reflect the range of products offered by the individual, would be better maintained if this is allowed. We note that this consultation paper suggests that firms should, going forward, conduct, "*an annual review which will take account of the personal development and experience needs of staff members...*"[3]. We propose that this process should allow for the recognition for CPD purposes of key technical skills that fundamentally affect the environment of credit unions. The result would be a broader, more competency based and relevant CPD regime for credit unions.

Timing of CP106

The ILCU is disappointed that this important consultation was issued so close to the Christmas period and the New Year, yet no consideration was made in the final deadline to the inevitable downtime that results over this time frame. Despite assurances in the past that the timing provided for consultation responses would be adapted for such periods, it was not on this occasion. This is inadequate bearing in mind the scale and consequence of this consultation paper, particularly to credit unions.

[3] *Consultation Paper CP106* p6

CP 106 – Comments, Observations and Response

We will address the request for our views as per Section 3 of the CP106 document and the request for more general observations on the application of the MCC and the regime being proposed. Our observations on the amendments to the MCC and other proposals arising from requirements under EU legislation are outlined as per your section headings below:

3.1.1. Competencies

The ILCU is broadly in agreement with the requirement of qualifications and competencies for certain retail financial products. However, we feel that the complexity and value of these products should be a key consideration in the application of these qualifications and competencies. We also argue for the fair and equal treatment of providers under the MCC, in particular that credit unions are afforded the same time lines and transitional arrangements as provided to other providers on the initial implementation of the MCC.

3.1.2. Definition of advice

The ILCU has no objection with the definition of advice being adopted as per MiFID II.

3.1.3. MiFID II investment services and ancillary services

MiFID II regulations do not currently apply to credit union products and services currently offered to their members.

3.1.4 Qualifications and experience requirements

Whereas, the ILCU does not have a general objection to the application of MCC requirements on mortgage creditors, we do have difficulty with the transitional arrangement suggested. The majority of credit unions are, or will be, new to this market and the proposed regulations pre-suppose prior knowledge and experience in the marketplace, effectively placing a barrier to new entrants through the blanket requirement of six months prior experience. It does not appear that the proposals listed allow for an orderly transition for those credit unions currently offering housing type loans, or for those many credit unions, (our survey suggests two thirds of credit unions), who would be interested in entering this market in the short term. Consideration needs be given to how the substantial experience and competencies, already built up with the current credit union staff in a wide range of personal lending, can be modified, or added to, quickly and effectively to develop mortgage competency within a broad section of credit unions ahead of, what we would argue for credit unions, should be an extended transitional period for implementation.

3.1.5 Annual Review

We understand the need for firms to take responsibility for the qualifications and experience of its officers. However, any additional mandates in this area need to be cognisant of the many other records to be kept around training and development (e.g. Fitness & Probity, CPD). Such reviews should be streamlined and ensure that the benefits outweigh the administration and time costs involved.

3.1.6 Freedom to provide services

The common bond of a credit union restricts its services to its local community, an important consideration when assessing the level of risk presented by credit unions. We therefore cannot evoke freedom to provide services to expand our services into other EU jurisdictions. As these arrangements have no effect on credit unions we do not present a view on the proposals in this area.

Additional Proposals

3.2.1 Qualifications and Experience Requirements

Whereas the ILCU welcome the overall aim to improve standards and advocate the undertaking of qualifications by all credit union personnel, we believe that the application of grandfathering in the original MCC was an important and sensible transitional arrangement to allow firms to continue operating while MCC standards were rolled out across industry. It was offered, we believe, quite prudently as it would have been otherwise impossible for many firms to transition to the MCC without some arrangement which ensured a stock of qualified, accredited persons were available.

We believe it places significant burden on many credit unions to now impose an MCC on credit union core business without grandfathering arrangements being put in place.

We believe that the original grandfathering element provided important recognition to the extensive knowledge and experience which had been built up over time by personnel. A large majority of credit union personnel, by virtue of their long and loyal service, would have been able to avail of this grandfathering option were it required of them in 2006 or in 2011.

Furthermore, any extension of MCC to credit union core products without a grandfathering arrangement in place would, we believe, discriminate against credit unions given that other institutions have been able to avail of the option for the last several years. In contrast, credit unions, as is suggested by the consultation paper, will be placed under a blanket qualification obligation for all those personnel involved in core lending products. This will include all staff and also a significant proportion of volunteers to whom the requirement applies through their serving on various committees. Our survey of credit unions indicates that approximately **25% of current credit union staff do not currently hold any MCC recognised qualification in consumer lending** and would, effectively require a qualification within a very short timeframe.

We would also point out that the employment contracts for credit union personnel in place for some time, probably do not impose a contractual obligation for qualifications in core business currently being undertaken, and, therefore, will not allow for the removal of those staff failing to have a qualification in current core business. As credit unions are typically small employers with a handful of staff, it is highly unlikely that there will be alternative suitable roles within their credit union that these staff might be redeployed to, albeit they are still under a contract of employment.

We also note that the consultation paper, although dismissing grandfathering moving forward, still affords benefits to those allowed to obtain it previously in several instances; such as when going toward meeting the proposed revised MCC standard for "*other retail financial products listed in appendix 1 of the MCC*", and in exempting personnel from the requirement for both a qualification <u>and</u> six months experience for retail financial products. As credit unions have, to date, had no requirement, and thus no opportunity, to seek grandfather status for credit union officers for their core consumer credit product, some arrangement should be allowed to provide either a "grandfathered status" or some similar "accredited person" status to those credit union personnel who have extensive experience in providing consumer loans to members.

We suggest that the Central Bank of Ireland replicate the arrangement offered to other sectors and allow the granting of accredited status to those officers who have 4 years' experience in consumer lending, (in the previous eight years), from a suggested application date of January 2018.

Question 1:

Do you agree that persons carrying out a relevant function in respect of any retail financial product that falls within the scope of the MCC should obtain a minimum level of experience prior to working without supervision? Please outline the reasons for your view.

The ILCU believes that the proposed experience requirement, applied to simple low value, low risk products as typically offered by credit unions, adds levels of administration and bureaucracy with little real benefit for consumers. The current system of new entrants who are pursuing a qualification, working under supervision, seems to us to capture the requirements of experience adequately as is, and we are of the view that for simple products in particular, this is more than sufficient.

We believe that any requirement of six months prior experience should not effectively prevent a credit union from diversifying or expanding its current product offering in an effort to grow its business into complimentary areas, i.e. in expanding from personal loans to mortgage lending, particularly at this juncture in time where a housing crisis in the state requires more, not less, options in the market place. We would argue that appropriate experience should allow for *equivalent experience*. Where equivalent knowledge, skills and competencies have been acquired in the provision of one business product (consumer lending), that experience should be recognised for the provision of another similar business product (mortgage lending) where the essential knowledge, skills and competencies are similar or equivalent.

We believe the firm is best placed to determine if its staff have the experience necessary to offer the products which that firm offers and to set up the internal controls to manage the advice being provided. As has it the liability if it does not manage its advice giving.

We would also suggest that the proposed annual review of staff provides a further opportunity for firms to ensure, on an ongoing basis, that experienced personnel provide advice around retail financial products.

Question 2:

If you agree with 1) above, do you consider a minimum six-month period to be sufficient? Or should the length of experience depend on the role(s) being carried out, the complexity of the product or a qualification already held by a person? Please outline the reasons for your view.

The ILCU believes that the complexity of the product offered, its value and the risks inherent in the product or service should be a very significant factor in the level of experience and qualification required to provide that product. European Securities and Markets Authority (ESMA) guidelines would it seems support this, where it states that the *level and intensity of knowledge and competency requirements should be differentiated*, and indeed where ESMA stated that "most firms" replying to the ESMA consultation stated that *"standards should be differentiated based on the nature of the service being provided"*[4].

Furthermore, appropriate consideration must be given to what qualification and experience requirements are necessary to offer a range of basic banking services such as overdrafts, small loans or short term insurances. For example, **the average new loan issued in 2016 by credit unions was just €3,735**, and less than one percent of all credit union loans issued last year were in excess of €25,000.[5] The ILCU would advocate that the basic financial services which form the mainstay of credit union business should not be subject to an additional experience requirement.

[4] ESMA - *Final Report Guidelines for the assessment of knowledge and competence, 17 December 2015*

[5] Analysis of prudential returns for loan amounts and new loans issued year to Sep 2016

Question 3:

Do you agree with the proposal on how the experience requirement should be evidenced, i.e. that a regulated firm should sign a 'certificate of experience' and retain supporting documentation to support the certificate? Please outline your views.

The burden of bureaucracy and administration with all the associated costs, both direct, indirect and, lost opportunity costs for the firm must be considered. Consumer benefit of such additional costs, particularly in the credit union low risk environment, is questionable.

Also we would question how would the evidence of the experience requirement transfer between firms and particularly across jurisdictions?

3.2.2 Devising and Creating Products

The ILCU's response to this area is set out below.

Question 4:

Do you agree with the proposal set out above? Please set out the reasons for your view.

The suggestion to have someone with an MCC qualification on product development seems to have merit, particularly where that product may be complex or of a high value. However, care would need to be taken in defining the requirement that the MCC does not apply to <u>all</u> those involved in the devising and creating of the credit product. Rather it would apply to an individual involved in the compliance sign-off of the devising and creating of the product. This would seem to be compatible with the approach suggested in MiFID II.

We would be concerned that these onerous requirements do not translate to the boards of credit unions – whose role is purely as non-executive directors, both volunteer and non-remunerated. It is the ILCU's position that the activities of devising, creating or designing of such products are operational in nature and, thus, would be performed by the executive staff function within a credit union or outsourced to suitable personnel as necessary.

Question 5:

What alternative ways could persons demonstrate meeting the competencies and standards set out in the Mortgage Credit Regulations and the requirements of the ESA Guidelines and MiFID II Delegated Directive?

Normal good practice in financial firms would require a member of the management team being involved in new product developments and therefore we would like to see this good practice requirement reflected in the approach taken by the Central Bank of Ireland to product design in credit unions. Therefore a member of the management team in the credit union could meet this requirement on behalf of the board based on a suitable sign-off process. An alternative way to demonstrate meeting these competencies and standards would be through completion of relevant training programmes or membership of a CPD Scheme.

3.2.3 Credit unions

The ILCU very much welcomes comments that the framework remain *proportionate to the nature, scale and complexity of the credit union sector* but finds, in practice, that the suggestions proposed are, in fact, more onerous on the sector than they were on other sectors. In particular, the suggestion to transition credit unions to a full MCC for their core products without adequate grandfathering arrangements as was provided to other sectors, is, we believe, unreasonable. The suggested approach of the consultation paper leaps from the existing differentiated proportionate MCC regime, directly to a full MCC regime applicable to all credit union staff.

Credit unions have undergone a recent period of very significant turbulence and change in terms of regulation and legislation including; a radical reworking of the Credit Union Act in 2012, recent significant changes regarding Fitness & Probity in August 2015, implementation of CP88 in January 2016. In addition, credit unions are in the midst of a wave of transfers of engagement against a backdrop of significant ongoing and critical business pressures across the sector. We would question if now is the time to add significant regulatory changes into the mix.

The ILCU would caution that countenance must be given to the wider movement position within these conduct of business suggestions and that significant onerous regulations need to be phased in, in light of what can be reasonably expected of a voluntary led, not for profit community sector organisation. In particular, we strongly petition that the timeframes for implementation take this into account. We welcome that the Central Bank of Ireland is *cognisant of the timing of these suggestions*[6] and trust that this will be reflected in the final regulations.

We also seek clarification on the view of the Central Bank of Ireland with regard to the possible or intended application of the Consumer Protection Code to core credit union products as a result, (or subsequent consequence), of the proposals within the consultation paper. We are concerned that this will have very substantial implications on the entire movement in addition to those changes being suggested in this consultation paper. We strongly argue that adequate time is given to the extension of further regulatory burden on a movement that has so recently absorbed substantial regulatory changes already and is currently dealing with the consequences of the merging and transfer of a quarter of all credit unions in the past several months.

Question 6:

Do you agree that the MCC should apply to credit unions in respect of any retail financial product offered by credit unions that falls within the scope of MCC? Please set out the reasons for your views.

The priority for credit unions has always been to focus on service to members via a not for profit, member centered business model based on high ethical standards and conduct of business.

The ILCU would expect to see adequate consideration as to how the application of the MCC to a retail financial product will apply to credit unions whose core business is being affected for the first time. Furthermore, we would expect that an equitable and reasonable approach be taken as per the transitional arrangements previously offered to all other

[6] *Consultation Paper CP106* p8

sectors. This would see some recognition for experience in consumer lending already obtained.

The ILCU would have concerns about the potential definition of credit union share based deposit accounts as “term deposits”, (and the implication then that they fall under an additional investment product category of the MCC). Of further concern is that this has not been signposted to credit unions to date, nor discussed at sectoral level.

We assert that credit union “deposit” accounts are typically set up as a sub-account of their current normal share accounts, (and not as a separate account). They usually do not charge fees or any penalty to members in the event of a break in the term and this effectively allows the member operate such accounts as a normal “demand” account without penalty. In addition, any interest paid is agreed in advance and not subject to market conditions. We do not believe that the purpose of the MCC is to capture this type of “deposit account” operated by many credit unions and, as such, the very significant regulatory effects of the MCC should not apply.

Should the classification of “term accounts” be applied to such credit union sub-accounts and, therefore, be regarded as falling under an investments MCC requirement, we point out that “investment” competencies have not formed part of qualifications recommended to credit union personnel to date and, as such, creates a significant additional burden for credit unions. Our survey of credit unions suggests that over a quarter of credit unions, (27% of those who responded), stated that none of their staff currently hold an investments qualification which would enable them to offer the product.

Question 7:

If you agree, what do you consider to be an appropriate timeline for its application? Please set out the reasons for your views.

If the opportunity to recognise prior, relevant experience via the process of grandfathering is denied to credit unions, the timeline to achieve compliance with the proposed requirements must reflect this. Bearing in mind that, in 2007 firms were permitted 4 years’ experience over a prior 8 year period to meet original grandfathering arrangements, the ILCU assert that an equitable period to transition is, therefore, between four and eight years.

Also, we would suggest that the Central Bank of Ireland recognise the engagement of the credit union movement with professional qualifications in the past number of years. The *Pathways Diploma in Credit Union Operations* was approved by the Central Bank of Ireland as a recognised qualification as meeting the MCC requirement for credit unions in 2012. In its development, as with the *ACCUP qualification* which preceded it, the content of the compulsory Lending & Loan Recovery module was designed to specifically meet the consumer lending competencies as outlined in the MCR 2007 and as updated in 2011. As these lending requirements were not applicable to credit unions at the time, no formal process for recognition of these qualifications has existed to date. The ILCU strongly proposes that any transitional arrangement allows for recognition for those credit union officers who already hold these qualifications; namely the *Advanced Certificate in Credit Union Practice* and the *Pathways Diploma in Credit Union Operations,* as being qualified in credit union core business.

3.2.4 Members of the Board of a Mortgage Credit Intermediary

The board of a credit union is unique in being wholly non-executive, voluntary and community based, just as the credit union is unique in being not for profit but for service. These considerations mean that it is difficult to see how rules applied to professional, paid, executive boards of for-profit institutions will easily apply to both audiences.

Credit union board members are already CUCF-1's and the chair of every board is a CUPCF 1 and, therefore, already subject to Central Bank of Ireland scrutiny on fitness and probity. We believe that this is already a sufficiently robust regime to meet the aims of this requirement.

Proposed changes discussed already in this document cover qualification and experience requirements for those devising the mortgage product, and those providing advice on the product are adequately covered by the current MCC regime. Therefore we do not believe that the non-executive boards of credit unions should fall under an MCC obligation and we do not see that the purpose of regulation is being met by making that requirement.

Question 8:

What other means do you consider to be appropriate for members of the board of a mortgage credit intermediary to meet the competencies specified in Schedule 1 of the Mortgage Credit Regulations and evidence that those competencies are met?

We fundamentally do not believe that the boards of credit unions should come under a staff focussed MCC regime. However, if deciding on a suitable level of engagement and oversight for non-executive volunteer board members we would suggest that current membership of a recognised CPD scheme allows some confidence that the board member is engaged and up to date on their regulatory obligations. This view was reflected in our survey of credit unions where CPD membership was overwhelmingly suggested as the best way to demonstrate competence of a board member.

To ensure that the CPD taken is then relevant to the products being offered, we would suggest that such a CPD member ensure that mortgage topics are undertaken as part of the annual CPD requirements.

3.2.5 Reinsurance

The ILCU does not believe this is relevant to credit unions.

Question 9:

What qualifications do you consider to be suitable in order to carry out reinsurance distribution activities?

We do not believe that credit unions engage in reinsurance distribution activities so have no suggestions on qualifications for same.

Summary

The ILCU broadly welcomes certain standards for those offering retail financial products to consumers. However, from Consultation Paper 106, it is unclear what transitional arrangements are envisioned for credit unions to whom MCC requirements will apply to core business for the first time or who wish to engage in mortgage lending.

On behalf of its affiliated credit unions, the ILCU seeks urgent clarification on this and would suggest that the following, at the least, is required:

1. Clarity is provided around the definition of "Term Deposits" so as to not capture under an Investment MCC product category for the first time those credit unions offering savings share sub-accounts to their members.

2. Some form of recognition of relevant experience be provided to allow those with four years' prior experience in *consumer lending*, (and if credit union share sub-accounts are to be classed as "term deposits", then in *savings and investments* also), and such persons be allowed to continue these activities without a qualification requirement.

3. Should the above recognition of experience not be considered then we would stress that credit union personnel be given sufficient time and flexibility, (i.e. four years at minimum), to become qualified in core products of lending and savings on a once-off basis, in recognition that grandfathering was not offered to credit unions for core business areas. We believe that any such transitional arrangement needs to allow credit unions to spread out the costs and impacts of their staff gaining the required qualification and it is therefore impracticable to suggest that all staff immediately enrol on the next available qualification. Credit unions should be free to schedule the attaining of the required qualification keeping in mind the overall requirement that all staff be qualified by a specified date.

4. That the Central Bank of Ireland permits current credit union focused MCC recognised qualifications continue to meet credit union core competency going

forward, and this should include the most widely obtained MCC qualifications in the movement – *Pathways Diploma* (and the *ACCUP qualification* which preceded it).

5. That consideration be given to the practicalities of credit unions transitioning into mortgage products for the first time and that the proposed suggestions do not effectively block this important development to increase choice and bring competition to the mortgage market, through unattainable "experience" requirements. We suggest that the previous extensive lending experience built up in credit unions over the past sixty years be recognised as meeting the proposed experience requirement, thus providing for a cohort of personnel to oversee new entrants while qualifications become established in the sector.

6. That the application of a mandatory qualification requirement on the entire board of a credit union considering offering mortgages is excessive and unnecessary, and that alternative means to establish competency be permitted , i.e. membership by all board members of a mortgage intermediary of a recognised CPD scheme.

7. That consideration be given to the timing of application of any further Conduct of Business regulation (such as any roll out of the full Consumer Protection Code to full credit union core business) to allow an adequate bedding in of these requirements.

Finally, we are disappointed that the cautionary counsel given to Central Bank of Ireland by ILCU in 2011 in response to CP 45, regarding the effect of limiting the range of topics that receive CPD within the MCC regime, was not heeded. We would hope that the Central Bank of Ireland, in thoroughly reviewing the MCC, takes this current opportunity to address this issue by considering a broader range of topics meet CPD requirements for the credit union sector while maintaining its primary objective of standardising the advice provided to consumers on retail financial products.