

## **Review of Minimum Competency Code 2011**

### **Capital Credit Union**

In principle, Capital Credit Union supports the concept of the Minimum Competency Code. We have implemented the code requirements for Credit Unions and are working to ensure that this is an ongoing part of our compliance culture.

In reviewing the Consultation Paper 106, on the Minimum Competency Code, we have a number of comments as outlined below. Our concerns are primarily around the experience levels required.

### **Review of Minimum Competency Code**

**Question 1:** We agree.

**Question 2:** For some full time roles a minimum 6 month period is sufficient. However, in a credit union environment some financial products would not be in high demand. We, therefore, believe that the level of experience should be related to the product, its complexity, the qualification already held by the person and the volume of transactions carried out by that person on related products. For example, if a person is working to gain competence in providing pension advice their minimum experience may be 6 months or completion of "x" number of policies/products, subject to a minimum period of 6 months and with complete records to demonstrate experience gained.

**Question 3:** We agree.

**Question 4:** We agree.

**Question 5:** Proposed structure most suitable.

**Question 6:** We agree. If we are providing the same range of products we have to be working to the same standards. We want to offer the best options to our members, with a managed or minimum risk. Therefore we require our staff to be qualified to deliver those options.

**Question 7:** Credit unions should have a transition period in which to implement the MCC, to ensure that viable credit unions strongly encourage all their personnel to participate and to implement any additional structures that may be required.

As the intention is to extend MCC to all credit union activities that fall within MCC, this will require credit unions to invest additional resources. CBI must allow credit unions to provide a full range of retail financial products and services, in order to ensure that credit unions are able to compete on the same basis as other retail financial providers, otherwise credit unions will have additional costs in complying with MCC that other competitors don't have.

If a Credit union is adding additional products or services to their portfolio, they must invest considerable time and resources to ensuring that they can deliver the product/service and that it suits their members. As stated earlier, the volume of transactions may not facilitate a quick attainment of the minimum experience levels. Therefore, we would recommend a transitional period of between two and four years for new products and services.

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, we believe that an equitable period to transition is, therefore, between four and eight years.

**Question 8:** Board members. As the Credit Union movement maintains its ethos, it is important to recognise and acknowledge the volunteer status of Credit Union Boards. Therefore, MCC requirements must be fair and proportionate. With regard to the qualifications, in the present environment, as many Credit Union Boards have taken on new levels of education and professionalism, CPD could suffice for a longer transitional period (e.g. seven to ten years). With regard to the experience, it is not realistic to expect the level of experience required for MCC of a Board member.

**Question 9:** N/A

**Other concerns:** **Consumer Credit Agreements and Associated Insurances**

Section8, p24 Moneylending agreements and credit cards should be brought into the MCC; there is no valid reason for them to be excluded and it gives these providers an unfair competitive advantage. It is also necessary for consumer protection, as moneylenders in particular have been found to be in breach of their lax regulations on several occasions