

**Consultation Paper 136  
Enhancing Engagement  
with Stakeholders**

**11th May 2021**

CUMA appreciates the opportunity to participate in the consultation process and are happy to elaborate on any matters raised in our response below. As always, we are happy to meet with the Central Bank to communicate further on any issues, in particular those affecting credit unions.

Provided below and in the following pages are responses to the questions raised in Consultation Paper 136.

**1. Do you agree with the proposals outlined above to enhance the role of the Consumer Advisory Group? What further enhancements could be made, given its statutory mandate?**

CUMA agrees with the proposals outlined to enhance the role of the Consumer Advisory Group. CUMA supports the proposal to consider an extension to the membership of the Advisory Group to improve and enhance the range of consumer perspectives represented.

The preface to this consultation paper CP136 outlines a key priority for the Central Bank of Ireland is to engage with the public and stakeholders across the whole economy, in particular to listen and learn.

Better engagement with stakeholders will aid in understanding the issues faced by the businesses and consumers in the economy and the opportunities to enhance the performance of the financial system in the interest of society and citizens. Listening to the financial institutions is critical. It is regrettable that conversations around financial services tends to be almost exclusively condemnatory in nature.

**2. Do you agree with the proposals outlined above to enhance the role of the Civil Society Roundtable?**

CUMA agrees with the proposals outlined to enhance the role of the Civic Society Roundtable and ensure it addresses matters relating to the financial system. It is essential that the voices of people interacting with the financial system, particularly more vulnerable consumers are heard and treated with dignity, respect and realism and that reasonable voices support financial services in making good decisions.

Credit unions' ethical lending to all, including the economically disadvantaged, can lessen dependency upon unlicensed money lenders and support the lifetime financial well-being of members, ensuring a better quality of life for all.

Active across urban and rural Ireland and integral to their communities, credit unions are well placed to catalyse balanced regional development.

**3. What other formal or informal mechanisms could the Central Bank consider to engage with civil society and consumer groups to ensure their perspectives and insights into the financial system are considered in decision-making?**

The Central Bank needs to review the prism through which it views representatives of consumers, including societies controlled and owned by consumers. Credit Unions are consumer-owned societies. Yet, they are regulated as “for-profit” financial institutions, and actively disadvantaged in many areas, such as in the field of capital cost, competition from PCP and in business lending. The levels of prohibition on the offering of services to member-consumers is far more invasive than in banking.

The Central Bank needs to be more transparent with this very large sector in the state as to why it exercises such restrictive practices against credit unions.

**4. Do you agree that the Central Bank should look to formalise the current industry forum roundtables to discuss cross-sectoral, strategic issues relating to the financial system as set out above?**

CUMA agrees that the Central Bank should formalise current industry forum roundtables. The need for discussion on cross sectoral and strategic issues is paramount for the future of the financial system.

The Central Bank of Ireland needs to review its refusal to engage with the four credit union representative associations (CUDA, CUMA, ILCU and the NSF) on a collective basis. Such cross organisation engagements were possible with other official stakeholders during the pandemic. Ongoing engagement with the individual representative associations should continue.

**5. If yes, are there any suggestions you would like to make the regarding the establishment of such a forum?**

As wide a range as possible of stakeholders need to be included, including representatives of banking, insurance, credit union and other professional representatives. The forum should be independently chaired. There should be a representative of the Finance Committee of the Oireachtas, of the Department of Finance and of the Department of Social Protection on it also. Representatives of staffs and managements should also be included.

**6. If no, how do you think the Central Bank should seek to discuss cross-sectoral, strategic issues relating to financial sector oversight with the relevant industry stakeholders?**

N/A

**7. Do you have any observations in respect of the proposed Conference?**

The proposed conference would be welcomed in order to bring together policymakers, regulators and academics to share their experiences, research and policy analyses.

The conference could invite authors – whether from academia, industry representative groups across the various industry constituencies of the Irish financial system to submit policy oriented, theoretical and/or empirical papers. The objective of this would be to ensure a meaningful, clear focus on emerging technologies and financial infrastructure covering specialist themes.

The inclusion of front-line staff would also be beneficial.

**8. Are there formal or informal mechanisms that you think the Central Bank should consider to ensure the perspectives of the business community are heard and contribute to the Central Bank's decision-making?**

The Business Community should be invited to a Central Bank of Ireland Business Forum annually.

**9. Are there any other matters that the Central Bank should take into account or practical steps it should take, to engage more effectively with domestic stakeholders, as it works to develop its overall strategy for stakeholder engagement?**

Yes. The Central Bank of Ireland (CBI) needs to deliver an effective and targeted financial literacy campaign that explains in clear and simple language why it imposes regulations, standards and controls in respect of financial services, including its consumer protection mandate. For instance, it needs to explain why mortgage related controls are imposed on consumers. Consumers are very adaptive. They have learned, very quickly, about an unprecedented pandemic. The effectiveness of Dr. Tony Holohan and Dr. Ronan Glynn as communicators of sophisticated and unpopular messages should be studied. The CBI needs to talk more regularly to the consumers in a respectful and informative manner. Engagement and set-piece speeches to industry are essential, but pass most people by. The shrill voice of populist comment needs to be tempered by the consumer-protection mandate of the CBI. That messaging needs to travel through all media channels.