



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Consultation on Credit Union Exempt Services

Consultation Paper 148

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# 1. Introduction

The Central Bank of Ireland (Central Bank) is publishing this consultation paper to consult on proposed changes to the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (the 2016 Regulations) relating to services exempted from the additional services provisions of the Credit Union Act, 1997 (the 1997 Act).

Credit union exempt services are those services listed in Schedule 2 of the 2016 Regulations (the Exempt Services Schedule). Subject to conditions set out in the Exempt Services Schedule, credit unions may provide these services without approval (for additional services) from the Registry of Credit Unions within the Central Bank<sup>1</sup>.

The Central Bank has undertaken a technical review of exempt services. In reviewing credit union exempt services, our overarching goal is to ensure that the scope and parameters of the prescribed exempt services, and the applicable conditions, are clear, appropriate and reflect the current financial services landscape within which credit unions operate.

The proposals for amendments to credit union regulations contained in this consultation are mainly technical in nature, e.g. we are proposing to clarify the legal drafting, update outdated terminology, remove some activities currently listed in the Exempt Services Schedule (e.g. because they are operational in nature and/or incidental), apply consistent drafting to the relevant conditions and order the services in a more logical sequence.

Additionally as part of this review, the Central Bank has identified policy changes in respect of two areas, as follows:

- Changes and additions to the conditions for the provision of certain exempt services in order to ensure that the provision of such services by credit unions does not involve undue risk to members' savings, the financial stability of the credit union or the operational capability of the credit union; and
- Prescribing a broader set of intermediation services as "exempt services" as this would provide a level playing field for credit unions by permitting those credit unions authorised by, or registered with, the Central Bank under the relevant legislation to provide these services, without introducing undue risk to members' savings or the financial stability of credit unions.

All of the proposed changes are informed by, among other things, the Central Bank's statutory mandate in relation to credit unions as set out in section 84 of the 1997 Act which requires that the Central Bank shall administer the system of regulation and supervision of credit unions with a view to (i) the protection by each credit union of the funds of its members and (ii) the maintenance of the financial stability and well-being of credit unions generally. In formulating the proposed changes, the Central Bank has been guided by what it considers to be prudentially appropriate for credit unions (in the context of the Central Bank's statutory mandate) and has taken account of the objects for which credit unions are formed<sup>2</sup> and the risk management and operational capabilities of credit unions.

The financial services landscape in Ireland has changed significantly since the exempt services were first prescribed by the Minister for Finance in 2004 and advances in technology continue to bring rapid and transformative changes.

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<sup>1</sup> Depending on the nature of the services provided, credit unions may require authorisation under other legislation.

<sup>2</sup> The objects for which credit unions may be formed are set out in section 6(2) of the 1997 Act.

Credit union members expect innovation in the services offered by credit unions and delivery of those services. Credit unions have scope to provide a broad range of services to meet their members' needs through: (1) core services of savings and loans provided for under the 1997 Act; (2) exempt services provided for under the 2016 Regulations; and (3) additional services subject to approval under section 48 of the 1997 Act.

For credit unions that are considering offering a broader range of services to their members in the future, it is important that they identify the risk factors specific to such services and how they would mitigate these risks and comply with relevant legal and regulatory requirements. Credit unions should only provide those services for which they have the necessary competence and capability to do so. The provision of any new services by credit unions should be done on a prudent basis, be well-managed and be in line with the credit union's strategy, capabilities and risk appetite.

## 2. Background

### Credit Union Services

Credit unions provide savings and loans under Part III of the 1997 Act – these are the core services of a credit union. Generally, other services are categorised as “additional services” and require approval from the Central Bank under the additional services provisions of the 1997 Act<sup>3</sup>. However, in accordance with section 48(2)(b) of the 1997 Act<sup>4</sup>, the Central Bank can, by regulations, prescribe services as being exempt from the additional service provisions set out in the 1997 Act. The Central Bank has prescribed a list of such exempt services in the Exempt Services Schedule.

The Central Bank last consulted on credit union exempt services in 2014/2015 as part of its Consultation on Regulations for Credit Unions on commencement of the remaining sections of the 2012 Act (CP88), a broader consultation on regulations for credit unions on the commencement of the remaining sections of the Credit Union and Co-operation with Overseas Regulators Act 2012 (the 2012 Act)<sup>5</sup>.

Prior to the 2016 Regulations, exempt services were prescribed in regulations made by the Minister for Finance, i.e. the Exemption from Additional Services Requirements Regulations (S.I. No. 223 of 2004 and S.I. No. 107 of 2007)<sup>6</sup>. When the remaining sections of the 2012 Act were commenced on 1 January 2016, the Minister for Finance’s regulation making power in section 182(1)(h) of the 1997 Act was removed. The Central Bank developed and consulted on draft regulations to, among other things, ensure that credit unions could continue to provide the services that the Minister previously exempted from the additional services requirements, with the provision of these services remaining subject to any conditions set by the Minister.

In CP88, the Central Bank asked stakeholders whether they had any suggestions on additions, amendments or deletions to the services and related conditions included in draft regulations. The Central Bank outlined that any further services proposed to be included in the regulations must not involve undue risk to members’ savings, the financial stability of the credit union or the operational capability of the credit union.

In the Feedback Statement on CP88, the Central Bank noted that submissions received contained relatively limited comments on, and suggestions for, services to be added to the list of exempt services<sup>7</sup>. On additional services suggested by stakeholders, a number of the services suggested were already provided for in the existing exempt services regulatory framework (and the proposed draft regulations). In the Feedback Statement, the Central Bank

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<sup>3</sup> Provision of additional services to members (sections 48-52).

<sup>4</sup> Section 48(2) of the 1997 Act states the following: *In this section and the following provisions of this Part ‘additional services’, in relation to a credit union, means any services other than those - (a) for which provision is made by the preceding provisions of this Part, or (b) which are being prescribed for the purposes of this section as being services of a description that appears to the Bank to be of mutual benefit to its members, and regulations made by the Bank for the purposes of paragraph (b) may make the exclusion of any services from being additional services conditional on compliance with such conditions as may be prescribed by the Bank.*

<sup>5</sup> [Consultation on Regulations for Credit Unions on the commencement of the remaining sections of the 2012 Act \(CP88\)](#).

<sup>6</sup> A technical amendment was made to S.I. No. 223 of 2004 in 2007 by the Credit Union Act 1997 (Exemption from Additional Services Requirements) (Amendment) Regulations 2007 (S.I. No. 838 of 2007).

<sup>7</sup> The most commonly referenced services in stakeholder feedback were card and related services. The Central Bank proposed to engage with sector stakeholders on the card services that were outside the scope of the exempted services provided for in regulations and related services that credit unions wish to offer to members, and to identify any changes required to the regulatory framework to facilitate the provision of these services. In 2016, the Central Bank defined and described a suite of additional services known as the Member Personal Current Account Service (MPCAS), under which approved credit unions may offer personal current accounts with, among other things, debit cards, within an appropriate risk framework.

noted that, while it had not received many applications for additional services in recent years, it was including one additional service in the exemptions reflecting an area where the Central Bank had received a number of enquiries/applications - offering insurance services on an introduction basis. Since the 2016 Regulations commenced on 1 January 2016, credit unions have therefore been able to offer this service, subject to conditions, without applying for and receiving approval to provide this as an additional service from the Registry of Credit Unions.

The Exempt Services Schedule currently sets out a list of the 22 exempt services<sup>8</sup> prescribed by the Central Bank for the purposes of Section 48(2)(b) of the 1997 Act. A credit union must not perform these exempt services unless the applicable conditions specified in the schedule are fulfilled.<sup>9</sup> Conditions vary from service to service and include, for example, the agreement of terms and conditions with members, requirements to provide certain services on an agency basis only and conditions on charging fees (and charging expenses incurred by the credit union) to members.

### Additional Services

Where a credit union wishes to provide an additional service to its members, an application may be made to the Central Bank for approval to provide such services in accordance with the provisions set out in sections 48-52 of the 1997 Act. One such additional service is the Member Personal Current Account Service (MPCAS), defined and described by the Central Bank in 2016, under which approved credit unions may offer personal current accounts with debit cards, overdrafts and a range of payment services within an appropriate risk framework. Sixty-seven credit unions are approved to provide MPCAS<sup>10</sup>.

### Review of Credit Union Exempt Services

The Central Bank has undertaken a technical review of the Exempt Services Schedule in 2021 with a view to identifying changes considered necessary to ensure that the services listed and associated terminology reflect the current financial services landscape.

As part of this review, the Central Bank engaged with credit union sector bodies to seek feedback on the technical drafting of the current Exempt Services Schedule and to gain a more detailed understanding of the services currently provided by credit unions.

This consultation paper sets out the proposed changes to credit union exempt services, and seeks views from credit unions and other sector stakeholders on the proposed changes outlined.

The Central Bank will consider the feedback received as part of this consultation process prior to finalising changes to credit union exempt services and publishing a statutory instrument amending the 2016 Regulations.

The consultation paper is structured as follows:

- Section 3 provides an overview of the review undertaken;

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<sup>8</sup> Paragraph 1 of the Exempt Services Schedule includes three sub-headings – (1) Access by telephone, (2) Access by internet, and (3) Loan applications by fax – these services are counted as one of the 22 services for the purpose of this consultation paper.

<sup>9</sup> Regulation 48 of the 2016 Regulations.

<sup>10</sup> As at 21 January 2022, three other credit unions received approval which subsequently lapsed.

- Section 4 provides an overview of the proposed changes to credit union exempt services that the Central Bank is considering following its review;
- Section 5 outlines next steps in relation to the consultation;
- Section 6 summarises the areas where the Central Bank is seeking views;
- Section 7 sets out how to make submissions to the Central Bank;
- Appendix A sets out the existing requirements on exempt services contained in the 2016 Regulations;
- Appendix B sets out proposed draft amending regulations, and
- Appendix C contains a table which compares the current exempt services framework to the proposed amendments.

## 3. Review

In order to ensure that the scope and parameters of the exempt services that credit unions may provide, and the applicable conditions, are clear, appropriate and reflect the current financial services landscape within which credit unions operate, a number of areas were considered as part of this review and have, in combination, informed the proposals contained in this consultation paper. These considerations included:

- The Central Bank's statutory mandate to regulate and supervise credit unions with a view to ensuring the protection by each credit union of the funds of its members and the maintenance of the financial stability and well-being of credit unions generally;
- The broader legal and regulatory framework within which credit unions must operate;
- The current framework for the provision of exempt services and additional services;
- Sector engagements on credit union services and business model development; and
- Recent trends in the provision of exempt services by credit unions<sup>11</sup>.

### 3.1 Broader Legal and Regulatory Framework

Credit unions in Ireland are regulated and supervised under the 1997 Act and regulations issued by the Central Bank (the 2016 Regulations, as amended), which set out the framework for the registration, regulation and operation of credit unions including detailed governance requirements and prudential requirements on items such as reserves, liquidity, investments, member savings and lending.

Under the 1997 Act, the Central Bank is responsible for administering the system of regulation and supervision of credit unions with a view to:

- (a) The protection by each credit union of the funds of its members; and
- (b) The maintenance of the financial stability and well-being of credit unions generally.

As set out in the 1997 Act, the primary objects and purpose of a credit union are the promotion of thrift among its members by the accumulation of their savings and the creation of sources of credit for their mutual benefit at fair and reasonable interest rates<sup>12</sup>.

Credit unions must comply with other legislation where they are undertaking particular activities or providing particular services, for example:

- Consumer Credit Act, 1995
- European Communities (Consumer Credit Agreement) Regulations 2010
- European Union (Consumer Mortgage Credit Agreement) Regulations 2016

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<sup>11</sup> Recent trends are based on information reported by credit unions in their Annual Return submissions.

<sup>12</sup> The objects of a credit union are set out in its rules and, as set out in section 6(2) of the 1997 Act, can include the following:

- the promotion of thrift among its members by the accumulation of their savings;
- the creation of sources of credit for the mutual benefit of its members at a fair and reasonable rate of interest;
- the use and control of members' savings for their mutual benefit;
- the training and education of its members in the wise use of money;
- the education of its members in their economic, social and cultural well-being as members of the community;
- the improvement of the well-being and spirit of the members' community; and
- subject to section 48 of the 1997 Act, the provision to its members of such additional services as are for their mutual benefit.

- European Union (Payment Services) Regulations 2018
- Investment Intermediaries Act, 1995
- European Union (Insurance Distribution) Regulations 2018

Credit unions also come within scope of a number of European Banking Authority (EBA) and European Supervisory Authorities Guidelines, some of which apply across a broad range of services, e.g. EBA Guidelines on product oversight and governance for retail banking products, and others of which have a narrower focus, e.g. EBA Guidelines on major incidents reporting under Directive (EU) 2015/2366 (PSD2).

On consumer protection and minimum competency, the Consumer Protection Code 2012 (CPC), the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Minimum Competency Regulations 2017 (MCR) and Minimum Competency Code 2017 (MCC) currently apply to credit unions registered as insurance intermediaries with respect to their insurance intermediary business. The MCR and MCC also apply to credit unions when providing mortgage credit agreements in line with the knowledge and competence requirements of the European Union (Consumer Mortgage Credit Agreement) Regulations 2016, which apply to credit unions. Credit unions are in scope of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015.

Anti-money laundering and countering the financing of terrorism law in Ireland is governed by the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (the CJA 2010). Credit unions must, as designated persons, comply with the CJA 2010. The Central Bank is the competent authority for the monitoring the compliance of financial and credit institutions, including credit unions, with the CJA 2010 and is responsible for taking reasonable measures to secure such compliance. The CJA 2010 has been updated a number of times, most recently with the transposition of Fifth EU AML Directive (Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018) into Irish law pursuant to the Criminal Justice (Money Laundering and Terrorist Financing (Amendment) Act 2021.

## 3.2 Regulatory Framework for the Provision of Services

The 1997 Act and the 2016 Regulations set out the services that credit unions may provide to their members. We generally refer to these as **core services** and **exempt services** respectively. Under the 1997 Act and the 2016 Regulations, credit unions do not require any approval from the Registry of Credit Unions within the Central Bank to provide these services. Where an individual credit union wishes to provide services to its members in addition to those referred to above, that are of mutual benefit to its members and do not impose undue risk to members' savings, an application may be made to the Central Bank for approval to provide such services in accordance with the provisions set out in sections 48-52 of the 1997 Act. These services, for which an approval from the Central Bank is required under the 1997 Act, are referred to as **additional services**.

### 3.2.1 Core services

In accordance with Part III of the 1997 Act, a credit union may raise funds to be used for its objects - (a) by the issue to its members of shares in the credit union (which may be withdrawable or non-withdrawable), and (b) by the acceptance of money on deposit from a member. The cumulative amount of such shares in, and money on deposit (if any) with, the

credit union is referred to in the 1997 Act as “savings”<sup>13</sup>. A credit union may also make a loan to a member for such purpose as the credit union considers appropriate, upon such security (or without security) and terms as the rules of the credit union may provide<sup>14</sup>. While credit unions can also undertake other activities (e.g. borrow, make, vary or discharge contracts and acquire, hold or dispose of land)<sup>15</sup>, for the purpose of this consultation, we refer to a credit union’s saving and lending services collectively as “core services”.

### 3.2.2 Exempt services

In accordance with section 48(2)(b) of the 1997 Act, the Central Bank can, by regulations, prescribe certain services as exempt from the additional services provisions set out in sections 48-52 of the 1997 Act<sup>16</sup>. The Central Bank has prescribed a list of such exempt services in the Exempt Services Schedule. Exempt services are generally not complex and do not involve undue risk to members’ savings, the financial stability of the credit union or the operational capability of the credit union. Nonetheless, the complexity and risk profile and considerations vary from service to service. The provision of exempt services by credit unions does not require an approval (for additional services) from the Central Bank under the 1997 Act but provision of the service is subject to compliance with the relevant conditions, as set out in the Exempt Services Schedule.

### 3.2.3 Additional services

Before a credit union can provide additional services, it must ensure that it complies with the legislative provisions set out in sections 48-52 of the 1997 Act. This includes obtaining the approval of the Central Bank for the provision of the additional service. The Central Bank will consider proposals from credit unions on new additional services they wish to provide to members where the credit union can demonstrate that:

- the proposed additional service is supported by a robust business case;
- the proposed additional service is not contrary to financial services legislation;
- the board of directors has a sound appreciation of the nature of the additional service proposed and is fully informed of the strategic, governance, risk management, operational, financial and legal implications involved; and
- systems and controls are in place to ensure any risks involved in the provision of the additional service are managed and mitigated.

## 3.3 Sector Engagement

During May – August 2021, as part of this review, the Central Bank engaged with credit union sector bodies to seek feedback on the technical drafting of the current Exempt Services Schedule and to gain a more detailed understanding

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<sup>13</sup> See section 27 of the 1997 Act.

<sup>14</sup> See section 35 of the 1997 Act.

<sup>15</sup> See sections 39 to 42 of the 1997 Act.

<sup>16</sup> Section 48(2) of the 1997 Act states the following: *In this section and the following provisions of this Part ‘additional services’, in relation to a credit union, means any services other than those - (a) for which provision is made by the preceding provisions of this Part, or (b) which are being prescribed for the purposes of this section as being services of a description that appears to the Bank to be of mutual benefit to its members, and regulations made by the Bank for the purposes of paragraph (b) may make the exclusion of any services from being additional services conditional on compliance with such conditions as may be prescribed by the Bank.*

of the services currently provided by credit unions. Some of the main points of feedback<sup>17</sup> received as part of this engagement included the following:

- The current exempt services regime was of its time and the relevant additional services provisions of the 1997 Act may no longer be fit for purpose or required given that strong regulatory and legislative protections exist to cover relevant areas.
- Sections 48 to 52 of the 1997 Act are a barrier to commerciality and timely decisioning.
- Some of the exempt services currently listed in the Exempt Services Schedule do not warrant inclusion in the schedule, as they are:
  - Purely consequential and ancillary. e.g. Access by telephone, Access by Internet and Loan applications by fax;
  - Ancillary to core services and objects, e.g., Financial Counselling; or
  - Obsolete, e.g., Loan applications by fax, Electricity budget meter cards, Saving Stamps, Service centres.
- Terminology should be future-proofed, e.g. in relation to payment services.
- Less credit unions are now providing certain exempt services, e.g. Savings Stamps and ATM services<sup>18</sup>.
- The current condition for the “Insurance Services on an introduction basis” service that requires a credit union to be authorised under the European Union (Insurance Distribution) Regulations 2018 (the IDR) is not relevant, as introduction only insurance intermediation does not require this authorisation.
- In some instances, conditions are not necessary and reliance on relevant financial services legislation, with which credit unions must comply, should be sufficient. Care should be taken to avoid potential conflicts between the conditions for the provision of the various exempt services and other requirements under financial services law.
- Clarity on requirements and expectations would be useful within the conditions for certain exempt services, e.g. Draws.
- Some credit unions are considering re-activating/offering existing exempt services as a means of enhancing community engagement, e.g. Financial Counselling, Will making.
- Financial Counselling on “*the use and management of the member’s funds in a credit union*” is restricted to the provision of information on a credit union’s own services or a referral, for example, to the Money Advice and Budgeting Service (MABS). To facilitate credit unions seeking to enhance community engagement, it could be helpful if credit unions could provide financial counselling on the use and management of a member’s funds whilst giving consideration to products and services outside the credit union as an exempt service.
- Credit unions should be permitted to distribute State Savings.
- Insurance Services (*on an agency basis*) should be extended to a non-exhaustive list of general non-life insurances.

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<sup>17</sup> Note, the feedback received is presented in this paper in an aggregated and summary manner. Some of the feedback received was outside scope of the current review – in particular, changes to the additional services provisions of the 1997 Act (which would be a matter for the Oireachtas) and a suggestion that credit unions should be permitted to distribute State Savings.

<sup>18</sup> On the decreasing provision of ATM services, reasons provided for this included that some credit unions are providing Member Personal Current Account Services with debit cards, ATM machines can be costly to implement and require ongoing maintenance and use by members has been lower than initially expected.

### 3.4 Current Exempt Services Provided by the Sector and Trends

As part of the review of the credit union exempt services, the Central Bank considered current credit union data available to it as part of information submitted by credit unions in the Annual Returns to the Central Bank<sup>19</sup>. Table 1 sets out aggregated information on the number of credit unions providing certain exempt services, as reported in the 2018, 2019 and 2020 Annual Returns submitted by credit unions.

Table 1 | Number of credit unions providing exempt services

Service	30 September 2018	30 September 2019	30 September 2020
EFT	203	192	193
Account access by internet	193	189	191
Account access by phone	89	94	105
ATM services	31	32	31
Bill payment	155	141	140
Budget accounts	54	49	43
Bureau de change	151	149	147
Direct debits	126	123	125
Financial counselling	45	39	38
Gift cheques	36	34	32
Group health insurances	114	105	96
Insurance on an introduction basis	76	69	83
Insurance services	114	99	98
Money Transfers	127	121	122
PRSAs	20	17	18
Savings stamps	36	25	23
Standing orders	205	192	191
Third party payments	159	153	152

Source: Credit Union Annual Returns

Analysis of this data identified a number of key information points and trends:

- All of the exempt services listed in the Annual Return are reported as provided by at least one credit union.
- There was a notable increase in the number of reporting credit unions providing the “Account access by phone” service in 2020 - a 12 per cent increase from September 2019 to September 2020 - likely in response to public health measures in place due to the COVID-19 pandemic.

<sup>19</sup> Six of the exempt services, namely: ‘6. Discount for goods and services’, ‘11. Money advice and budgeting service’, ‘12. Service centres’, ‘13. Draws’, ‘17. Will making’ and ‘19. Electricity budget meter cards or tokens’ are not listed on the Annual Return.

- As a general trend, over the relevant period, credit unions appear to be consolidating the number of exempt services they are offering (this takes account of the fact that the number of reporting credit unions fell from 214 to 201 over this period – reflecting transfers of engagement activity).
- Despite the overall trend, the number of reporting credit unions providing some of the individual exempt services increased, namely the “Insurance on an introduction basis service” - a 20 per cent increase from September 2019 to September 2020 - and the “Account access by phone” service (mentioned above).
- Those services reported as being provided by the most number of credit unions as of 30 September 2020 are the “EFT” service (193 credit unions), “Standing orders” service (191 credit unions) and “Account access by internet” service (191 credit unions).
- Those services reported as being provided by the fewest number of credit unions as of 30 September 2020 are the “PRSAs” service (18 credit unions), “Savings stamps” service (23 credit unions) and ATM services (31 credit unions).
- The “Group Health Insurances”, “Insurance services”, and “Bill payment” services show the greatest decreases in terms of the number of reporting credit unions providing these over the period 30 September 2018 to 30 September 2020, with 18, 16 and 15 less credit unions (or 16 per cent, 14 per cent and 10 per cent) respectively providing these services as of 30 September 2020.

## 4. Proposals

The Central Bank recognises the importance of clarity in the services that credit unions may provide, the applicable conditions that apply to the provision of services and reflecting the current financial services landscape within which credit unions operate. As set out above, the scope of our review was to identify required technical changes. The proposals for amendments to credit union regulations contained in this consultation are therefore mainly technical in nature. As set out earlier in this paper, these proposed technical changes, and the other proposed changes set out below, are guided by what the Central Bank considers to be prudentially appropriate for credit unions (in the context of the Central Bank's statutory mandate) and takes account of the objects for which credit unions are formed and the risk management and operational capabilities of credit unions.

In summary, having undertaken the review described in Section 3, the Central Bank is proposing a number of changes to the credit union exempt services as follows:

- i. Technical drafting changes to the Exempt Services Schedule;
- ii. Technical drafting changes to regulations 2 (Interpretation) and 48 (Performing Services) of the 2016 Regulations;
- iii. Changes to the conditions which must be fulfilled in order that credit unions may provide certain exempt services;
- iv. Broadening the intermediation services that credit unions may provide as services exempt from the additional services provisions of the 1997 Act.

Further detail and the rationale for each of these proposals is outlined in the following sections and the Central Bank welcomes views on each of these areas.

### 4.1 Proposed Technical Drafting Changes

Following the review of the Exempt Services Schedule, the Central Bank is now consulting on proposed technical drafting changes to the Schedule and to regulations 2 (Interpretations) and 48 (Performing Services) of the 2016 Regulations. These proposed technical changes are intended to ensure that the scope and parameters of the prescribed exempt services, and the applicable conditions, are clear, appropriate and reflective of the current financial services landscape within which credit unions operate.

#### 4.1.1 Technical drafting changes to the Exempt Services Schedule

The main technical changes to the Exempt Services Schedule generally fall within one of the following descriptions:

- Clarifying the legal drafting where possible and addressing any ambiguities identified.
- Updating outdated terminology. For example, aligning the "Money transfers" service under paragraph 10 with "money remittance services" as described by the Payment Services Directive (PSD2)<sup>20</sup>.
- Removing activities currently listed in the Schedule that are operational in nature and/or incidental to the provision of other services or incidental benefits of membership, which are appropriate to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed. Services currently included in

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<sup>20</sup> Directive (EU) 2015/2366.

the Exempt Services Schedule that would be impacted by this change include: **1.** Telephone, internet and fax access to the credit union by the member - (1) Access by telephone, (2) Access by internet, (3) Loan applications by fax; **6.** Discount for goods and services; **12.** Service centres; and **16.** Financial Counselling. Otherwise, it is proposed to retain all of the other current exempt services on the basis that credit unions continue, to a greater or lesser extent, to provide each of the services.

- Applying consistent drafting to the conditions.
- Ordering the services in a more logical sequence. For example, ordering the intermediation services such that they appear in the Schedule sequentially.

#### 4.1.2 Technical changes to regulations 2 and 48 of the 2016 Regulations

The proposed changes to regulation 2 entail the introduction of definitions for “credit transfer”, “direct debit”, “money remittance” and “payment services provider”. Under the proposed changes to regulation 48, in the interests of clarity, this regulation would include overarching provisions relating to the following:

- **Fees** – that credit unions may charge fees in respect of the provision of services listed in the Schedule subject to anything specified in this regard in the associated conditions and any other requirements that apply to credit unions under financial services legislation;<sup>21</sup>
- **Compliance with other requirements** – that credit unions must comply with any other legal and regulatory requirements when providing services, including any requirement for the credit union to be authorised or licensed, or to be registered with, the Central Bank or other authority. In respect of relevant authorisation, licensing or registration requirements and fulfilling its statutory role in this regard, the Central Bank adopts a robust, structured and risk-based process that seeks to ensure that only those applicants that demonstrate compliance with the relevant authorisation requirements are authorised.
- **Services that involve credit unions acting as an introducer, agent or intermediary** - that credit unions must ensure that where they act as an introducer, agent or intermediary, the relevant third party entity holds any necessary authorisation, license or registration.

#### The Central Bank is seeking views on the following:

1. Do you (generally) agree with the proposed technical changes to the Exempt Services Schedule? If you disagree with any of the proposals, please identify these in your response and outline your reasons why. If you are suggesting further technical drafting changes to the Schedule, please outline the change and rationale for the change.
2. Do you agree with the proposal to change the name of the “Money transfers” service to “Money remittance service” and the revised description of this service? In your comments, please outline your view on whether the proposed technical changes would result in credit unions being unable to provide any services which they can currently provide under the existing “Money transfers” service.
3. For credit union respondents, does your credit union currently provide money remittance services and, if not, is it likely or unlikely that the credit union would commence providing such services within the next five years?
4. Do you agree that certain of the services currently included in the Exempt Services Schedule, as outlined above, do not need to be included in the Exempt Services Schedule?

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<sup>21</sup> Existing conditions for the majority of the exempt services are currently silent on fees, leading to a potential lack of clarity on whether credit unions may charge fees in connection with the provision of these services.

5. Do you (generally) agree with the proposed technical changes to regulations 2 and 48 of the 2016 Regulations? If you disagree with any of the proposals, please identify these in your response and outline your reason/s why. If you are suggesting further technical drafting changes to regulations 2 and/or 48, please outline the change and rationale for the change.

## 4.2 Other Proposed Changes

### 4.2.1 Changes to the conditions

The Central Bank is also proposing, in respect of a number of the exempt services, changes (and additions) to the conditions that must be fulfilled in order that credit unions may provide those services. These changes are intended to ensure that the provision of such services by credit unions does not involve undue risk to members' savings, the financial stability of the credit union or the operational capability of the credit union. **The changes formalise some of the Central Bank's existing expectations as conditions within the Schedule.** The changes proposed in this regard are in relation to the following:

- **Budget account scheme** – To include conditions on agreeing terms and conditions with members for the provision of the service, on ensuring that any credit facility provided as part of this service is reasonable and proportionate and in place only for the purpose of managing members' payments in respect of relevant bills over a defined period and on requiring that such a credit facility is paid off in full at least once in every 12 month period.
- **Draws** - To include conditions reflecting the Central Bank's expectations when this service is provided, as set out in the 2018 Thematic Review of Prize Draws in Credit Unions report<sup>22</sup>, e.g. requiring that relevant credit unions have a policy in place setting out the principles governing such draws which is reviewed by the board as often as is necessary, that the credit union has documented operational procedures in place detailing the operation of such draws and that members are only included in such draws where they have given their advance written consent.
- **Savings Stamps** – To include conditions reflecting the Central Bank's expectations when this service is provided, as set out in previous engagements with individual credit unions on this topic, in particular, requiring that credit unions maintain systems and controls to ensure that the status of all saving stamps is tracked at all times and that up-to-date records are maintained attributing the beneficial ownership of any savings stamps purchased by a member to the member and that savings stamps purchased by a member are non-transferable between members.
- **Gift cheques** – To include a new condition which will require relevant credit unions to account separately in their books for all such transactions.

**The Central Bank is seeking views on the following:**

6. Do you agree with the proposed changes to the conditions that will apply to the Budget account scheme, Draws, Savings Stamps and Gift cheques services? Please explain the reasons for your answer.

### 4.2.2 Investment and insurance intermediation

Under the current Exempt Services Schedule, credit unions may provide the following insurance intermediation and introduction-based services without requiring an approval from the Registry of Credit Unions within the Central Bank:

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<sup>22</sup> [Thematic Review of Prize Draws in Credit Unions \(March 2018\)](#).

- **Insurance services** - that is, any service the credit union may provide to its members in respect of each of the following categories: (i) loan protection and life savings insurance (including related riders); (ii) travel insurance; (iii) home insurance; (iv) motor insurance; (v) repayment protection insurance (subject to conditions, including that such services may only be provided on an agency basis).
- **Insurance Services on an introduction basis** - that is, any service whereby a credit union member may be introduced to an insurance intermediary, with the appropriate authorisation under the IDR or Investment Intermediaries Act, 1995 (IIA)<sup>23</sup>, or an insurance undertaking, authorised pursuant to Directive 2009/138/EC (Solvency II) by the member's credit union for the purpose of obtaining insurance services (subject to conditions).

For insurance intermediation services beyond these, a credit union requires approval from the Central Bank under the 1997 Act. Credit unions are also required to hold a separate registration under the IDR.

The Central Bank has considered the merits, appropriateness and proportionality of the current regulatory framework under which credit unions must be registered with or authorised by the Central Bank for the provision of certain intermediation services (insurance and investments) under the IDR and the IIA and, under a separate process, approved for the provision of those services (as "additional services") under the 1997 Act. The Central Bank is proposing to expand the intermediation services which credit unions may undertake under the Exempt Services Schedule. Under this proposal, credit unions would be permitted to provide any insurance or investment intermediation services (for which they hold a relevant registration under the IDR and/or authorisation under the IIA) as an exempt service. ***In other words, under this proposed change, credit unions would no longer be required to obtain a separate additional approval from the Central Bank under the 1997 Act in order to provide such broader intermediation services.***

It is the Central Bank's view that the proposed change in respect of intermediation services would provide a level playing field for credit unions. While the provision of investment and broader insurance intermediation services by credit unions to their members necessarily involves certain associated risks, it is the Central Bank's view that broadening the intermediation services which credit unions may provide under the Exempt Services Schedule would not introduce undue risk to members' savings or the financial stability of credit unions. For credit unions that are considering offering a broader range of services than they currently do, including intermediation services, it is important that they identify the risk factors specific to such services and how they would mitigate these risks and comply with relevant legal and regulatory requirements. Where registration with or an authorisation from the Central Bank is required in respect of the relevant service, e.g. in relation to insurance intermediation under the IDR, only those firms and individuals who meet high regulatory standards will be authorised. As is the case with all regulated financial service providers, credit unions should be cognisant of the application of the Central Bank's risk-based supervisory framework to all of their regulated activities, to ensure that firms are well governed and financially sound with robust compliance and risk management processes in place to anticipate, manage and avoid risks to consumers and investors. Crucially, credit unions should only provide those services for which they have the necessary competence and capability to do so. The provision of any new services by credit unions should be prudently undertaken, well-managed and in line with the credit union's strategy, capabilities and risk appetite.

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<sup>23</sup> Insurance intermediaries are no longer required to be authorised under the IIA; rather, they require registration under the IDR.

**The Central Bank is seeking views on the following:**

7. Do you agree with the proposed expansion of the intermediation services that credit unions may provide under the Exempt Services Schedule? Please explain the reasons for your answer.

**The Central Bank is also seeking views on the following:**

8. Bearing in mind the focus of the current review (i.e. required technical changes), do you have any other comments on this review and/or the Central Bank's proposed changes?

## 5. Next steps

The table below sets out proposed next steps and indicative timelines for the introduction of potential changes to credit union exempt services set out in this consultation paper.

Date	Step
January 2022	Consultation Paper published
April 2022	Consultation period closes
Q3 2022	Undertake statutory consultation as required under section 84A of the 1997 Act
Q3/Q4 2022	Publish Feedback Statement and regulations
Q3/Q4 2022	Commencement of final regulations

## 6. Summary of areas where Central Bank is seeking views

The Central Bank is seeking views on the following:

### Technical drafting changes to the Exempt Services Schedule

1. Do you (generally) agree with the proposed technical changes to the Exempt Services Schedule? If you disagree with any of the proposals, please identify these in your response and outline your reasons why. If you are suggesting further technical drafting changes to the Schedule, please outline the change and rationale for the change.
2. Do you agree with the proposal to change the name of the “Money transfers” service to “Money remittance service” and the revised description of this service? In your comments, please outline your view on whether the proposed technical changes would result in credit unions being unable to provide any services which they can currently provide under the existing “Money transfers” service.
3. For credit union respondents, does your credit union currently provide money remittance services and, if not, is it likely or unlikely that the credit union would commence providing such services within the next five years?
4. Do you agree that certain of the services currently included in the Exempt Services Schedule, as outlined above, do not need to be included in the Exempt Services Schedule?

### Technical changes to regulations 2 and 48 of the 2016 Regulations

5. Do you (generally) agree with the proposed technical changes to regulations 2 and 48 of the 2016 Regulations? If you disagree with any of the proposals, please identify these in your response and outline your reason/s why. If you are suggesting further technical drafting changes to regulations 2 and/or 48, please outline the change and rationale for the change.

### Changes to the conditions which must be fulfilled in order that credit unions may provide various exempt services

6. Do you agree with the proposed changes to the conditions that will apply to the Budget account scheme, Draws, Savings Stamps and Gift cheques services? Please explain the reasons for your answer.

### Investment and insurance intermediation

7. Do you agree with the proposed expansion of the intermediation services that credit unions may provide under the Exempt Services Schedule? Please explain the reasons for your answer.

### Other

8. Bearing in mind the focus of the current review (i.e. required technical changes), do you have any other comments on this review and/or the Central Bank's proposed changes?

## 7. Making Submissions

Please make your submissions in writing, if possible electronically as a word document or a .pdf document by email, on or before 21 April 2022.

When addressing the questions raised in this Consultation Paper, please use the relevant question number to identify the question you are answering and clearly set out the basis for your views.

Credit unions and other sector stakeholders may also wish to provide information or analysis they may have on credit union services. This can be included in submissions to this consultation process.

The Central Bank intends to make all submissions available on the Central Bank website. Information deemed to be potentially libellous or defamatory will not be published. The Central Bank will accept no liability in respect of any information provided which is subsequently released, or in respect of any consequential damage suffered as a result. Submissions should be marked "Consultation on Credit Union Exempt services (CP148)" and sent by email to [rcuconsultation@centralbank.ie](mailto:rcuconsultation@centralbank.ie).

# Appendix A: Existing Requirements on Exempt Services set out in the 2016 Regulations

## CREDIT UNION ACT 1997 (REGULATORY REQUIREMENTS) REGULATIONS 2016

(S.I. No. 1 of 2016)

*(This Appendix contains an unofficial consolidated version of Part 9 and Schedule 2 of the 2016 Regulations and is included for reference only. The original legislation<sup>24</sup> is available at [www.irishstatutebook.ie](http://www.irishstatutebook.ie)).*

### PART 9

#### SERVICES EXEMPT FROM ADDITIONAL SERVICES REQUIREMENTS

##### Performing Services

48. (1) The services set out in Schedule 2 to these Regulations are services prescribed by the Bank for the purposes of section 48(2)(b) of the Act.
- (2) A credit union shall not perform the services specified in Schedule 2 to these Regulations unless the appropriate conditions specified in that Schedule are fulfilled.

#### SCHEDULE 2

##### Telephone, internet and fax access to the credit union by the member.

1. (1) **Access by telephone,**
- (a) that is to say any service by which the credit union member may by telephone using a unique number or password allocated by the credit union to the member,
- (i) obtain information on the member's credit union accounts, including the balance of the member's share, deposit and loan accounts with that credit union,
- (ii) transfer funds between accounts,
- (iii) request a withdrawal from share and deposit accounts,
- (iv) apply for a loan and calculate loan repayments,
- (b) conditions to be fulfilled -
- (i) the relevant registration form in relation to such access must be completed by the parties concerned prior to the commencement of such

<sup>24</sup> Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (S.I. No. 1 of 2016), Credit Union Act 1997 (Regulatory Requirements) (Amendment) Regulations 2018 (S.I. No. 32 of 2018), Credit Union Act 1997 (Regulatory Requirements) (Amendment) Regulations 2019 (S.I. No. 642 of 2019) and Credit Union Act 1997 (Regulatory Requirements) (Amendment) Regulations 2020 (S.I. No. 675 of 2020).

a service,

- (ii) loan approval is subject to the relevant loan application forms and other necessary documentation in relation to such transactions being completed by the parties concerned.

**(2) Access by internet,**

- (a) that is to say any service by which a credit union member may by internet using a unique number or password allocated by the credit union to the member,
  - (i) obtain information on the member's credit union accounts, including the balance of the member's share, deposit and loan accounts with that credit union,
  - (ii) transfer funds between accounts,
  - (iii) request a withdrawal from share and deposit accounts,
  - (iv) apply for loans and calculate loan repayments,
- (b) conditions to be fulfilled -
  - (i) the relevant registration form in relation to such access must be completed by the parties concerned prior to the commencement of such a service,
  - (ii) loan approval is subject to the relevant loan application forms and other necessary documentation in relation to such transactions being completed by the parties concerned.

**(3) Loan applications by fax,**

- (a) that is to say any service by which credit union members may submit details necessary for loan applications in the form of a fax,
- (b) condition to be fulfilled -
  - loan approval is subject to the relevant loan application forms and other necessary documentation in relation to such transactions being completed by the parties concerned.

**2. Third Party Payments,**

that is to say any service whereby a credit union member may arrange to have transferred to or from the member's account third party payments by way of electronic funds transfer or otherwise.

**3. Automated teller machine services (ATMs),**

- (a) that is to say a service which enables a credit union member to withdraw funds from the member's credit union account by means of a credit union branded ATM card,
- (b) conditions to be fulfilled -
  - (i) terms and conditions of use of such a card must be agreed by the credit union and the member,
  - (ii) the member must complete the relevant registration form prior to the issue of the card.

**4. Insurance services,**

(a) that is to say any service the credit union may provide to its members in respect of each of the following categories:

- (i) loan protection and life savings insurance (including related riders);
- (ii) travel insurance;
- (iii) home insurance;
- (iv) motor insurance;
- (v) repayment protection insurance.

(b) condition to be fulfilled -  
these services must be provided on an agency basis and the insurer must be authorised by the Bank.

**5. Group health insurance schemes,**

that is to say a service by which a credit union may provide to its members a discount scheme with an undertaking which is registered in the Register of Health Benefits Undertakings within the meaning of the Health Insurance Acts 1994-2013. The subscription to such a scheme may, at the credit union member's request, be discharged from the member's account.

**6. Discount for goods and services,**

(a) that is to say a service by which the credit union may negotiate, on behalf of its members, discounts for the supply of goods and services to be purchased by those members,

(b) condition to be fulfilled -  
any such contract must be between the supplier of the goods and services and the credit union member and the credit union must not be a party to such contracts.

**7. Budget account scheme,**

(a) that is to say a service by which the credit union may agree to provide members with a budget account, on which a credit facility may be offered, and charges (including a participation fee) may be made, into which members pay agreed regular sums and from which the credit union will discharge, on the members' behalf, a list of bills agreed with each member as and when they fall due.

(b) condition to be fulfilled -  
the credit union must account separately in its books for all such transactions.

**8. Bill payment services,**

that is to say a service by which a credit union member may have a utility or other household bill paid by the credit union, either by debiting the member's account or by using cash supplied by the credit union member.

**9. Euro drafts and bureau de change**

(a) that is to say a service the credit union may provide to its members whereby a credit

union member may-

- (i) purchase euro drafts,
- (ii) purchase foreign currency drafts, travellers cheques and travel moneycards,
- (iii) purchase or sell foreign currency,

(b) conditions to be fulfilled -

- (i) these services must be provided on an agency basis and the principal must be licensed to provide such services,
- (ii) the credit union must be indemnified for the provision of these services under an insurance policy in accordance with section 47 of the Act,
- (iii) the credit union must charge the members any expenses incurred for the provision of these services and may in addition retain its own commission,
- (iv) the credit union must account in its books for all such transactions.

**10. Money transfers,**

(a) that is to say a money transmission service the credit union may provide to its members,

(b) conditions to be fulfilled -

- (i) this service must be provided on an agency basis,
- (ii) the credit union must be indemnified for the provision of these services under an insurance policy in accordance with section 47 of the Act,
- (iii) the credit union must charge the members any expenses incurred for the provision of these services and may in addition retain its own commission,
- (iv) the credit union must account in its books for all such transactions.

**11. Money Advice and Budgeting Service,**

that is to say any service provided by a credit union to its members under the Money Advice and Budgeting Service which is funded and supported by the Citizens Information Board.

**12. Service centres,**

(a) that is to say a service a credit union may provide its members for photocopying, fax and computer facilities to be made available on the credit union premises,

(b) condition to be fulfilled -

the credit union may charge a fee for this service.

**13. Draws,**

(a) the credit union may carry out regular draws for which members are eligible to enter on payment of a regular subscription,

(b) condition to be fulfilled -

such draws must be conducted on a break-even basis.

**14. Standing orders,**

that is to say a service which may be provided by a credit union whereby a member may instruct the member's credit union to debit the member's accounts, and pay a fixed sum at regular intervals

to a specified payee. Credit unions may charge members for the provision of this service.

**15. Direct debits,**

that is to say a service whereby the credit union may make payments to a payee designated by the credit union member on specified dates. Such payments may vary and the account of the member shall be debited accordingly on each occasion. Credit unions may charge members for the provision of this service.

**16. Financial Counselling,**

(a) that is to say a service by which a credit union member may receive, free of charge, advice on the use and management of the member's funds in the credit union,

(b) condition to be fulfilled -

the credit union must be indemnified for the provision of this service under an insurance policy in accordance with section 47 of the Act.

**17. Will making,**

(a) that is to say a service arranged by the credit union by which a solicitor is available in the credit union from time to time, to take instructions and draw up wills and other testamentary documents for credit union members,

(b) conditions to be fulfilled -

(i) the solicitor concerned must be a practising solicitor within the meaning of the Solicitors Acts 1954 to 2008,

(ii) the solicitor concerned must be one in respect of whom a policy of professional indemnity insurance under the Solicitors Acts 1954 to 2008 is in force in relation to that solicitor as respects the service referred to in paragraph(a).

**18. Gift cheques,**

that is to say a service by which a credit union member may purchase a cheque made payable to a third party in return for payment of that amount. Credit unions may charge members for the provision of this service.

**19. Electricity budget meter cards or tokens,**

that is to say a service by which a credit union member may purchase electricity budget meter cards or tokens from the member's credit union to facilitate payment of the member's electricity expenses.

**20. Savings Stamps,**

(a) that is to say a service by which a credit union member may purchase savings stamps issued by the credit union,

(b) condition to be fulfilled -

the credit union must account in its books for all such transactions with individual members.

**21. PRSA**

- (1) Any service ("service") whereby-
- (a) a credit union member may be introduced to a PRSA Provider by the member's credit union for advice on the provision of a PRSA, or
  - (b) when such an introduction takes place, a credit union may make facilities available to a PRSA Provider to enable it provide such advice.
- (2) Conditions to be fulfilled where a credit union wishes the service to be offered or provided to its members:
- (a) the service shall be on an introduction basis only, where the credit union introduces the member to a PRSA Provider, and the credit union may not provide any advice to a member in relation to a PRSA;
  - (b) a credit union which intends to enter into an arrangement with a PRSA Provider is required to notify the Registrar of Credit Unions in writing of such intention not less than 7 days before entering into such an arrangement
  - (c) the credit union may only have such an arrangement with one PRSA Provider at any one time in relation to the service;
  - (d) the credit union holds any authorisation required under the Investment Intermediaries Act 1995 and/or the [European Union (Insurance Distribution) Regulations 2018]<sup>25</sup> in respect of the service;
  - (e) the credit union is required to enter into a written agreement with the PRSA Provider referred to in subparagraph (c) ("contracting PRSA Provider") under which the contracting PRSA Provider is responsible for any act or omission of the credit union concerned in respect of any matter pertaining to a PRSA offered or provided by the contracting PRSA Provider;
  - (f) any contract arising from the service is required to be between the contracting PRSA Provider and a credit union member and the credit union concerned may not be a party to any such contract;
  - (g) the credit union may not permit any premises which the credit union uses to be used for the purposes of arranging or offering to arrange the provision of a PRSA to a member of the credit union by a PRSA Provider other than the contracting PRSA Provider;
  - (h) a clear distinction shall be drawn between the business of the credit union and that of the contracting PRSA Provider and this shall extend to all signage, stationary or other branding of whatever kind;
  - (i) the credit union is required to state on letter headings and business forms which are used for the purposes of the service referred to in paragraph 1(a) that the credit union acts as an introducer solely for the contracting PRSA Provider;
  - (j) an officer or staff member of the credit union may not receive remuneration directly or indirectly from the PRSA Provider in respect of the service;

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<sup>25</sup> Substituted by Regulation 14 of S.I. No. 642 of 2019

- (k) the credit union shall account separately in its books for any fees or commissions received in relation to the provision of the service

**22. Insurance Services on an introduction basis**

(1) Any service whereby a credit union member may be introduced to an insurance intermediary, with the appropriate authorisation under the [European Union (Insurance Distribution) Regulations 2018]<sup>26</sup> or Investment Intermediaries Act 1995, or an insurance undertaking, authorised pursuant to Directive 2009/138/EC (hereinafter either intermediary or undertaking shall be referred to as “regulated entity”), by the member’s credit union for the purpose of obtaining “insurance services”.

(2) Conditions to be fulfilled where a credit union offers the service referred to in paragraph (1) to its members and the credit union receives remuneration:

- (a) The credit union shall have the appropriate authorisations to act as a retail intermediary – “Retail Intermediary” means an insurance intermediary as described in the [European Union (Insurance Distribution) Regulations 2018]<sup>27</sup> and/or an investment business firm as described in the Investment Intermediaries Act 1995;
- (b) The credit union shall ensure that the regulated entity has the necessary authorisations to provide the insurance services;
- (c) Prior to introducing a credit union member to a regulated entity for the purpose of obtaining insurance services, the credit union shall have undertaken an assessment of the financial and other implications for the credit union of the provision of the insurance services and shall have, on the basis of that assessment, determined that there is no undue risk to members’ savings;
- (d) The credit union shall ensure that adequate compensation is available to those members in respect of negligence, fraud or other dishonesty on the part of officers of the credit union in connection with the provision of the insurance services;
- (e) The credit union shall account separately in its books for any fees or commissions received in relation to the provision of the insurance services;
- (f) The credit union shall ensure that an officer or staff member of the credit union does not receive remuneration directly or indirectly in respect of the insurance service;
- (g) The credit union shall ensure that the insurance service is on an introduction basis only, where the credit union introduces the member to the regulated entity and the credit union does not provide any advice to a member in relation to the insurance service;
- (h) The credit union shall ensure that a clear distinction exists, between the business of the credit union and that of the regulated entity. The credit union shall ensure that any marketing material relating to the insurance service should clearly identify the regulated entity providing the insurance service to the member and

<sup>26</sup> Substituted by Regulation 14 of S.I. No. 642 of 2019

<sup>27</sup> Substituted by Regulation 14 of S.I. No. 642 of 2019

this shall extend to all signage, stationary or other branding of whatever kind relating to the insurance service;

- (i) The credit union shall enter into a written agreement with the regulated entity under which that undertaking is responsible for any act or omission of the credit union concerned in respect of any matter pertaining to the insurance service offered or provided by the regulated entity;
- (j) The credit union shall ensure that any contract arising from the insurance service is between the regulated entity and a credit union member and that the credit union is not party to any such contract.

# Appendix B: Proposed Draft Amending Regulations

STATUTORY INSTRUMENTS.

**S.I. No.    of 202[X]**

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CREDIT UNION ACT 1997 (REGULATORY REQUIREMENTS) (AMENDMENT)  
REGULATIONS 202[X]

S.I. No. of 202[X]

CREDIT UNION ACT 1997 (REGULATORY REQUIREMENTS) (AMENDMENT)  
REGULATIONS 202[X]

In exercise of the powers conferred on the Central Bank of Ireland (the “Bank”) by section 182A of the Credit Union Act, 1997 (No. 15 of 1997) (the “Act”), the Bank, having consulted the Minister for Finance, the Credit Union Advisory Committee and other bodies that appear to the Bank to have expertise or knowledge of credit unions generally and that the Bank considers appropriate to consult in the circumstances, hereby makes the following regulations:

1. These Regulations may be cited as the Credit Union Act 1997 (Regulatory Requirements) (Amendment) Regulations 202[X].

2. In these Regulations “Principal Regulations” means the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (S.I. No. 1 of 2016).

3. Regulation 2 of the Principal Regulations is amended by inserting the following definitions:

“‘credit transfer’ means a payment service for crediting a payee’s payment account with a payment transaction or a series of payment transactions from a member’s share account, deposit account or budget account by the credit union which holds the member’s account, based on an instruction given by the member;

‘direct debit’ means a payment service for debiting a member’s share account, deposit account or budget account, where a payment transaction is initiated by the payee on the basis of the consent given by the member to the payee, to the payee’s payment service provider or to the member’s own payment service provider;

‘money remittance’ means a service where funds are received by the credit union from a member, for the sole purpose of transferring a corresponding amount to a third party or to another payment service provider acting on behalf of the payee, and/or where such funds are received on behalf of and made available to the payee.

‘payment services provider’ means a person referred to in Regulation 6(1) of the European Union (Payment Services) Regulation 2018 (S.I. No. 6 of 2018);”

4. Regulation 48 of the Principal Regulations is amended by inserting the following paragraphs after paragraph (2):

“(3) Subject to the conditions specified in Schedule 2 to these Regulations and any other requirements that apply under financial services legislation, a credit union may charge fees in relation to the provision of the services specified in Schedule 2 to these Regulations.

(4) The provision of any of the services specified in Schedule 2 to these Regulations is without prejudice to the application of any other legal or regulatory requirements that a credit union must comply with when providing the service in question, including any requirements relating to authorisation or license from, or registration with, the Bank or other authority.

(5) Where a credit union refers, or introduces, a member to another regulated financial service provider, acts in the capacity of agent for another regulated financial service provider or provides intermediation services in accordance with relevant services specified in Schedule 2 to these Regulations, it shall ensure that the relevant third party financial services provider has any necessary authorisation or license from, or registration with, the Bank or other authority to provide the relevant services.”

5. The Principal Regulations are amended by substituting for paragraphs 1 to 22 of Schedule 2 the following:

“**1. Certain payment services**, that is to say any service which may be provided by a credit union whereby a member may instruct the member’s credit union to transfer funds on the member’s share account, deposit account or budget account through:

- (a) execution of direct debits, including one-off direct debits;
- (b) execution of credit transfers, including standing orders;

and which shall not include debit card or credit card services.

**2. Bill payment services**, that is to say a service by which a credit union member may have a utility or other household bill paid by the credit union, either by debiting the member's account or by using cash supplied by the credit union member.

**3. Budget account**, that is to say a service by which the credit union may agree to provide members with a budget account, on which a credit facility may be offered, and into which a member pays agreed regular sums and from which the credit union will discharge, on the member’s behalf, a list of bills agreed with the member as and when they fall due, subject to the following conditions –

- (i) terms and conditions in respect of this service are agreed by the credit union and the member, including -
  - (a) the provision of the credit facility to the member, where one is offered as part of this service;
  - (b) the interest rate or rates on any credit facility; and
  - (c) any fees and charges that apply;
- (ii) where a credit facility is offered as part of this service, it is reasonable and proportionate and in place only for the purpose of managing the level of payments to be made by a member in respect of relevant bills over a defined period;
- (iii) where a credit facility is offered as part of this service, the credit facility is paid off in full at least once in every 12 month period; and
- (iv) the credit union accounts separately in its books for all such transactions.

**4. Money remittance service**, that is to say a money remittance service the credit union may provide to its members, subject to the following conditions –

- (i) this service is provided on an agency basis;
- (ii) the credit union is indemnified for the provision of these services under an insurance policy in accordance with section 47 of the Act;
- (iii) the credit union charges the members any expenses incurred for the provision of these services and may in addition retain its own commission; and
- (iv) the credit union accounts separately in its books for all such transactions.

**5. Automated teller machine services (ATMs)**, that is to say a service which enables a credit union member to withdraw funds from the member's credit union account by means of a credit union branded ATM card, subject to the following conditions –

- (i) the terms and conditions of use of such a card are agreed by the credit union and the member; and
- (ii) the member completes a registration or application form prior to the issue of the card.

**6. Euro drafts and bureau de change**, that is to say a service the credit union may provide to its members whereby a credit union member may-

- (a) purchase euro drafts,
- (b) purchase foreign currency drafts, travellers cheques and travel money cards,
- (c) purchase or sell foreign currency, subject to the following conditions -
  - (i) these services are provided on an agency basis;
  - (ii) the credit union is indemnified for the provision of these services under an insurance policy in accordance with section 47 of the Act;
  - (iii) the credit union charges members availing of these services any expenses incurred for the provision of these services and may in addition retain its own commission; and
  - (iv) the credit union accounts separately in its books for all such transactions.

**7. Gift cheques**, that is to say a service by which a credit union member may purchase a cheque made payable to a third party in return for payment of that amount, subject to the condition that the credit union accounts separately in its books for all such transactions.

**8. Savings Stamps**, that is to say a service by which a credit union member may purchase savings stamps issued by the credit union, subject to the following conditions —

- (i) the credit union maintains systems and controls to ensure that the status of all saving stamps is tracked by the credit union at all times and that up-to-date records are maintained by the credit union attributing the beneficial ownership of any savings stamps purchased by a member to the member;
- (ii) savings stamps purchased by a member are non-transferable between members; and
- (iii) the credit union accounts separately in its books for all such transactions.

**9. Money Advice and Budgeting Service**, that is to say a service whereby a credit union may refer a member to the Money Advice and Budgeting Service (MABS), or arrange for MABS representatives to attend at its premises for the purpose of relevant members receiving MABS's services.

**10 Member Prize Draws**, that is, a service under which the credit union carries out prize draws for which members are eligible to enter on payment of an entry fee or subscription, subject to the following conditions —

- (i) such draws are conducted on a break-even basis;
- (ii) the credit union has a policy in place setting out the principles governing such draws which is reviewed by the board of directors as often as is necessary;
- (iii) the credit union has documented operational procedures in place detailing the operation of such draws;
- (iv) such draws operate in a clear and transparent manner with appropriate systems and controls in place;
- (v) members are only included in such draws where they have given their written consent for inclusion in advance of their inclusion in any such draw;
- (vi) written consent is obtained from each member, in advance of their inclusion in any such draw, to deduct entry fees for such draws from a member's account with the credit union, and a record of this is maintained by the credit union;
- (vii) the credit union documents clear terms and conditions, to be provided to participating members in advance of their participation in such draws;
- (viii) the credit union notifies winning members in writing and without delay;
- (ix) officers directly involved in the operation of such draws are excluded from participating in such draws;
- (x) an independent observer attends all such draws and the person operating the draw and the independent observer sign the results at the conclusion of each such draw;
- (xi) the credit union's external auditor reviews, on an annual basis, all transactions in the prize draw;

- (xii) the credit union accounts separately in its books for all transactions relating to the operation of such draws;
- (xiii) prize draw transactions and balances are reported separately in the credit union's annual accounts; and
- (xiv) the credit union maintains full and proper records relating to the operation of each such draw for a period of at least 6 years from a draw taking place or such longer period as may be required by law and in the case of records relating to member consent for inclusion in, or member withdrawal from participation in, such draws, a period of 6 years from a member's last participation in a draw to which the consent relates or 6 years from receipt by the credit union of the member's withdrawal respectively.

**11. Will making**, that is to say a service whereby the credit union may arrange for a solicitor to attend at the credit union's premises for the purpose of taking instructions and drawing up wills and other testamentary documents for credit union members, subject to the following conditions —

- (i) the credit union ensures that the solicitor concerned is a practising solicitor within the meaning of the Solicitors Act 1954 (as amended); and
- (ii) the credit union ensures that the solicitor concerned is one in respect of whom a policy of professional indemnity insurance under the Solicitors Act 1954 (as amended) is in force in respect of such services.

**12. Electricity budget meter cards or tokens**, that is to say a service by which a credit union member may purchase electricity budget meter cards or tokens from the member's credit union to facilitate payment of the member's electricity expenses.

**13. Member insurance services**, that is to say any service the credit union may provide to its members in respect of each of the following categories of insurance:

- (a) loan protection insurance;
- (b) life savings insurance;
- (c) death benefit insurance;

including related riders, subject to the condition that the insurance contract is between the insurance undertaking and the credit union such that the credit union is the policy holder.

**14. Insurance intermediation services on an introduction basis only**, that is to say any service whereby a credit union member may be introduced by the credit union to an insurance intermediary or an insurance undertaking (hereinafter either intermediary or undertaking shall be referred to as "regulated entity"), for the purpose of obtaining insurance-related services, subject to the following conditions —

- (i) prior to introducing a credit union member to a regulated entity for the purpose of obtaining insurance related services ("the services"), the credit

union has undertaken an assessment of the financial and other implications for the credit union of the provision of the services and has, on the basis of that assessment, determined that there is no undue risk to members' savings;

- (ii) the credit union ensures that adequate compensation is available to those members in respect of negligence, fraud or other dishonesty on the part of officers of the credit union in connection with the provision of the services;
- (iii) the credit union ensures that no officer of the credit union receives remuneration directly or indirectly in respect of the services;
- (iv) the credit union ensures that the services are on an introduction basis only, where the credit union introduces the member to the regulated entity and the credit union does not undertake insurance distribution as defined in Regulation 2 of the European Union (Insurance Distribution) Regulations 2018;
- (v) the credit union ensures that a clear distinction exists between the business of the credit union and that of the regulated entity;
- (vi) the credit union ensures that any marketing material relating to the services clearly identifies the regulated entity providing the insurance-related services to the member and this shall extend to all signage, stationary or other branding of whatever kind relating to the services;
- (vii) the credit union enters into a written agreement with the regulated entity under which that undertaking is responsible for any act or omission of the credit union concerned in respect of any matter pertaining to the services offered or provided by the regulated entity;
- (viii) the credit union ensures that any contract arising from the provision by the credit union of services under this paragraph is between the regulated entity and a credit union member and that the credit union is not party to any such contract; and
- (ix) the credit union accounts separately in its books for any fees or commissions received in relation to the provision of the services.

**15. Other intermediation services**, that is to say any service for which the credit union holds an authorisation or registration –

- (a) under or pursuant to the Investment Intermediaries Act, 1995 or such other legislation as may amend or replace the Investment Intermediaries Act, 1995,
- (b) under or pursuant to the European Union (Insurance Distribution) Regulations 2018 or such other legislation as may amend or replace the European Union (Insurance Distribution) Regulations 2018.

**16. Group health insurance schemes**, that is to say a service by which a credit union may provide to its members a discount scheme with an undertaking, which is registered in the Register of Health Benefits Undertakings within the meaning of the Health Insurance Acts 1994 (as amended).

**17. Personal Retirement Savings Account (PRSA)**, that is to say any service whereby –

- (a) a credit union member may be introduced to a PRSA Provider by the member’s credit union for advice on the provision of a PRSA, or
- (b) when such an introduction takes place, a credit union may make facilities at its premises available to a PRSA Provider to enable it to provide such advice, subject to the following conditions –
  - (i) the service is on an introduction basis only, where the credit union introduces the member to a PRSA Provider with which it has entered into an arrangement for this purpose, and the credit union does not provide any advice to a member in relation to a PRSA;
  - (ii) a credit union intending to enter into an arrangement with a PRSA Provider notifies the Bank in writing of such intention not less than 7 days before entering into such an arrangement;
  - (iii) the credit union only has such an arrangement with one PRSA Provider at any one time in relation to the service;
  - (iv) the credit union enters into a written agreement with the PRSA Provider referred to in subparagraph (iii) (contracting PRSA Provider) under which the contracting PRSA Provider is responsible for any act or omission of the credit union concerned in respect of any matter pertaining to a PRSA offered or provided by the contracting PRSA Provider;
  - (v) any contract arising from the service is between the contracting PRSA Provider and a credit union member and the credit union concerned is not a party to any such contract;
  - (vi) the credit union does not permit its premises to be used for the purposes of arranging or offering to arrange the provision of a PRSA to a member of the credit union by a PRSA Provider other than the contracting PRSA Provider;
  - (vii) the credit union ensures that a clear distinction is drawn between the business of the credit union and that of the contracting PRSA Provider and this shall extend to all signage, stationary or other branding of whatever kind;
  - (viii) the credit union states on its letterhead and business forms which are used for the purposes of the service that the credit union acts as an introducer solely for the contracting PRSA Provider;
  - (ix) the credit union ensures that no officer of the credit union receives remuneration directly or indirectly from the contracting PRSA Provider in respect of the service; and
  - (x) the credit union shall account separately in its books for any fees or commissions received in relation to the provision of the service.”

# Appendix C: Comparison Table of Current Framework versus Proposals

Regulation/Service	Existing Framework	Proposals for Amendment
<b>Regulation 2 (Interpretation)</b>	Sets out definitions of terms used in the 2016 Regulations, for the purpose of the regulations.	Introduce definitions for the following terms to be used in the amended Exempt Services Schedule: “credit transfer”; “direct debit”; “money remittance”; and “payment services provider”.
<b>Regulation 48 (Provision of Services)</b>	<p>Provides that the services listed in the Exempt Services Schedule are prescribed for the purposes of section 48(2)(b) of the 1997 Act.</p> <p>Provides that a credit union shall not perform the prescribed exempt services unless the appropriate conditions specified in that Schedule are fulfilled.</p>	<ul style="list-style-type: none"> <li>i. Clarify that credit unions may charge fees in relation to the provision of exempt services, subject to the conditions specified in the Exempt Services Schedule and any other requirements under other financial services legislation.</li> <li>ii. Clarify that the provision of exempt services does not affect the application of other legal or regulatory requirements, e.g. authorisation requirements.</li> <li>iii. Include an overarching condition that where a credit union introduces a member to another regulated financial service provider, acts as an agent for another regulated financial service provider or provides relevant intermediation services, the credit union must ensure that the third party financial service provider has any necessary authorisation, license or registration.</li> </ul>
<b>Exempt Services Schedule</b>		
<b>1. (1) Access by telephone</b>	Provides that certain services may be provided by a credit union by telephone using a unique number or password allocated by the credit union to the member, subject to conditions relating to registration and loan approvals.	Remove the “Access by telephone” service as a distinct prescribed service as it is operational in nature, incidental to the provision of other services and appropriate to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed.
<b>1. (2) Access by internet</b>	Provides that certain services may be provided by a credit union by internet using a unique number or password allocated by the credit union to the member, subject to conditions relating to registration and loan approvals.	<ul style="list-style-type: none"> <li>i. Remove the “Access by internet” service as a distinct prescribed service as it is operational in nature, incidental to the provision of other services and appropriate to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed.</li> </ul>

<p><b>1. (3) Loan applications by fax</b></p>	<p>Prescribes any service by which credit union members may submit details necessary for loan applications in the form of a fax subject to a condition relation to completion of relevant loan documentation by the parties concerned.</p>	<p>Remove “Loan applications by fax” as a distinct prescribed service as it is operational in nature, incidental to the provision of other services and appropriate to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed.</p>
<p><b>2. Third Party Payments</b></p>	<p>Prescribes any service whereby credit union members may transfer payments from their account to third parties by way of electronic funds transfer or otherwise.</p>	<ul style="list-style-type: none"> <li>i. Replace “Third Party Payments” with “Certain payment services”, which will comprises the following three existing services: 2. Third Party Payments 14. Standing orders 15. Direct debits.</li> <li>ii. Make technical changes to the description of the services under “Certain payment services” to update the wording for these existing services, to be adapted from/aligned with the European Union (Payment Services) Regulations 2018 and PSD2.</li> <li>iii. Clarify that debit card and credit card services do not come within scope of the services covered under the “Certain payment services” heading.</li> </ul>
<p><b>3. Automated teller machine services (ATMs)</b></p>	<p>Prescribes a service which enables a credit union member to withdraw funds from the member’s credit union account by means of a credit union branded ATM card subject to a condition requiring members to complete a registration form.</p>	<p>Make technical drafting changes.</p>
<p><b>4. Insurance services</b></p>	<p>Prescribes any service the credit union may provide to its members in respect of each of five categories of insurance listed, subject to conditions relating to the services being provided on agency basis and the insurer being authorised by the Central Bank.</p>	<ul style="list-style-type: none"> <li>i. Prescribe these services under two new headings entitled “Member insurance services” (proposed exempt service number 13) and “Other intermediation services” (proposed exempt service number 15).</li> <li>ii. “Member insurance services” will comprise the services currently provided under existing paragraph 4(a)(i) of the Exempted Services Schedule and, for clarity, will also include death benefit insurance.</li> <li>iii. The existing condition requiring that the services are provided on an agency basis will be retained.</li> <li>iv. The existing condition that the insurer be authorised by the Central Bank will be superseded by proposed changes to Regulation 48 which will clarify that the credit union must ensure that where they act as an introducer, agent or intermediary, the relevant third party financial service provider has any necessary authorisation, license or registration.</li> </ul>

		<p>v. On the services currently prescribed under existing paragraphs 4 (a)(ii), (iii), (iv) and (v) of the Exempted Services Schedule, “Other intermediation services” will permit a credit union to provide any insurance and investment intermediation services for which it holds an authorisation under the IIA or registration under the IDR. No conditions are proposed for the provision of services under this heading.</p>
<p><b>5. Group health insurance schemes</b></p>	<p>Prescribes a service by which a credit union may provide to its members a discount scheme with an undertaking which is registered in the Register of Health Benefits Undertakings within the meaning of the Health Insurance Acts 1994-2013.</p>	<p>Make technical drafting changes.</p>
<p><b>6. Discount for goods and services</b></p>	<p>Prescribes a service by which a credit union may negotiate, on behalf of its members, discounts for the supply of goods and services to be purchased by those members.</p>	<p>Remove “Discount for goods and services” as a distinct prescribed service. Where a credit union chooses to undertake such activities, they may be considered benefits of membership which are incidental to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed.</p>
<p><b>7. Budget account scheme</b></p>	<p>Prescribes a service by which a credit union may agree to provide members with a budget account, on which a credit facility may be offered, and charges may be made, into which members pay agreed regular sums and from which the credit union will discharge, on members' behalf, a list of bills agreed with each member as and when they fall due.</p>	<p>i. Make technical drafting changes.</p> <p>ii. Remove the word “scheme” from this heading as it is not necessary.</p> <p>iii. Remove the reference to “charges (including a participation fee)” from the description. Proposed changes to Regulation 48 clarify that fees may be charged.</p> <p>iv. Include conditions on agreeing terms and conditions with members for the provision of the service, on ensuring that any credit facility provided as part of this service is reasonable and proportionate and in place only for the purpose of managing members’ payments in respect of relevant bills over a defined period and on requiring that such a credit facility is paid off in full at least once in every 12 month period.</p>
<p><b>8. Bill payment services</b></p>	<p>Prescribes a service by which a credit union member may have a utility or other household bill paid by the credit union, either by debiting the member's account or by using cash supplied by the credit union member.</p>	<p>No changes proposed.</p>
<p><b>9. Euro drafts and bureau de change</b></p>	<p>Prescribes a service a credit union may provide to its members whereby a member may purchase euro drafts,</p>	<p>i. Make technical drafting changes.</p> <p>ii. Remove the condition that the principal for which the credit union is acting must be licensed to</p>

	<p>purchase foreign currency drafts, travellers cheques and travel money cards, purchase or sell foreign currency.</p> <p>Conditions to be fulfilled relate to the services having to be provided on an agency basis, the principal being licensed, indemnification, charging members for expenses incurred (and the credit union retaining commission) and accounting for transactions.</p>	<p>provide such services. Proposed changes to Regulation 48 clarify that the credit union must ensure that such third party financial service provider has any necessary authorisation, license or registration.</p>
<b>10. Money transfers</b>	<p>Prescribes that a credit union may provide a money transmission service to its members.</p> <p>Conditions to be fulfilled relate to the services having to be provided on an agency basis, indemnification, charging members for expenses incurred (and the credit union retaining commission) and accounting for transactions.</p>	<ol style="list-style-type: none"> <li>i. Make technical drafting changes.</li> <li>ii. Change the name of this service to “Money remittance service” as this better reflects the services that may be provided by credit unions under this paragraph.</li> <li>iii. Align the description of the service in this paragraph with that of “money remittance services” as referred to in paragraph 3(c) of the Schedule to the European Union (Payment Services) Regulations 2018 (and defined under PSD2). The proposed changes to Regulation 2 include a definition of “money remittance”.</li> </ol>
<b>11. Money Advice and Budgeting Service</b>	<p>Prescribes that a credit union may provide any service to its members under the Money Advice and Budgeting Service (MABS) which is funded and supported by the Citizens Information Board.</p>	<ol style="list-style-type: none"> <li>i. Make technical drafting changes.</li> <li>ii. Clarify the scope of services included under this heading, in particular that it includes referrals to MABS.</li> </ol>
<b>12. Service centres</b>	<p>Prescribes a service a credit union may provide its members for photocopying, fax and computer facilities to be made available on the credit union premises.</p> <p>The condition to be fulfilled clarifies that a credit union may charge a fee for this service.</p>	<ol style="list-style-type: none"> <li>i. Remove this service as a distinct prescribed service. Where a credit union chooses to undertake such activities, they may be considered benefits of membership which are incidental to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed. (Credit unions should nonetheless ensure that any risks arising from undertaking any relevant activities in this regard are identified and appropriately mitigated and monitored).</li> </ol>
<b>13. Draws</b>	<p>Prescribes a service under which a credit union may carry out regular draws for which members are eligible to enter on payment of a regular subscription</p>	<ol style="list-style-type: none"> <li>i. Make technical drafting changes.</li> <li>ii. Change the name of this service to “Member prize draws” to more accurately reflect the services that may be provided under it.</li> <li>iii. Include conditions reflecting the Central Bank’s expectations when this service is provided, as set out in the 2018 Thematic Review of Prize Draws in Credit Unions report.</li> </ol>

		<p>The proposed conditions relate to the policy governing such draws and review of the policy, documented operational procedures, operating draws in a clear and transparent manner and having appropriate systems and controls in place, obtaining advance written consent from members with regard to participation and deductions from their account, terms and conditions of such draws, excluding certain staff and volunteers from participation, attendance by an independent observer, external auditor reviews, separate reporting in annual accounts and record keeping.</p>
<b>14. Standing orders</b>	<p>Prescribes a service which may be provided by a credit union whereby a member may instruct the credit union to debit the member's accounts, and pay a fixed sum at regular intervals to a specified payee. The description of this service clarifies that the credit union may charge for the provision of this service.</p>	<ul style="list-style-type: none"> <li>i. Replace paragraph 14 "Standing orders" with the proposed "Certain payment services", which comprises the following three existing services: 2. Third Party Payments 14. Standing orders 15. Direct debits.</li> <li>ii. Make technical changes to the description of the services under "Certain payment services" to update the wording for these existing services, to be adapted from/aligned with the European Union (Payment Services) Regulations 2018 and PSD2.</li> <li>iii. Remove the part of the description of this service which states that credit unions may charge members for the provision of this service. Proposed changes to Regulation 48 clarify that fees may be charged.</li> </ul>
<b>15. Direct debits</b>	<p>Prescribes a service whereby the credit union may make payments to a payee designated by the credit union member on specified dates. Such payments may vary and the account of the member shall be debited accordingly on each occasion. The description of this service clarifies that the credit union may charge for the provision of this service.</p>	<ul style="list-style-type: none"> <li>i. Replace paragraph 15 "Direct debits" with the proposed "Certain payment services", which comprises the following three existing services: 2. Third Party Payments 14. Standing orders 15. Direct debits.</li> <li>ii. Make technical changes to the description of the services under "Certain payment services" to update the wording for these existing services, to be adapted from/aligned with the European Union (Payment Services) Regulations 2018 and PSD2.</li> <li>iii. Remove the part of the description of this service which states that credit unions may charge members for the provision of this service. Proposed changes to Regulation 48 clarify that fees may be charged.</li> </ul>
<b>16. Financial Counselling</b>	<p>Prescribes a service by which a credit union member may receive, free of charge, advice on the use and management of the member's funds in the credit union, subject to a condition relating to indemnification.</p>	<p>On the basis that this service is limited to provision of information on a credit union's own services or a referral, for example, to the Money Advice and Budgeting Service, remove "Financial Counselling" as a distinct prescribed service. Such activities may be considered incidental to the provision of other services and appropriate to the objects for which, in accordance with section 6 of the 1997 Act, a credit union is formed.</p>

<p><b>17. Will making</b></p>	<p>Prescribes a service arranged by the credit union by which a solicitor is available in the credit union from time to time, to take instructions and draw up wills and other testamentary documents for credit union members.</p> <p>The conditions to be fulfilled for this service relate to the solicitor concerned having to be a practising solicitor and to professional indemnity insurance.</p>	<p>Make technical drafting changes.</p>
<p><b>18. Gift cheques</b></p>	<p>Prescribes a service by which a credit union member may purchase a cheque made payable to a third party in return for payment of that amount. The description of this service clarifies that the credit union may charge for the provision of this service.</p>	<ol style="list-style-type: none"> <li>i. Remove the part of the description of this service which states that credit unions may charge members for the provision of this service. Proposed changes to Regulation 48 clarify that fees may be charged.</li> <li>ii. Include a condition requiring the credit union to account separately in its books for all such transactions.</li> </ol>
<p><b>19. Electricity budget meter cards or tokens</b></p>	<p>Prescribes a service by which a credit union member may purchase electricity budget meter cards or tokens from the member's credit union to facilitate payment of the member's electricity expenses.</p>	<p>No changes proposed.</p>
<p><b>20. Savings Stamps</b></p>	<p>Prescribes a service by which a credit union member may purchase savings stamps issued by the credit union. The condition to be fulfilled for this service relates to accounting for transactions.</p>	<p>Include proposed conditions reflecting the Central Bank's expectations when this service is provided, as set out in previous communications with individual credit unions in relation to this service.</p> <p>The new conditions relate to credit unions maintaining systems and controls to ensure that the status of all saving stamps is tracked at all times and that up-to-date records are maintained by the credit union attributing the beneficial ownership of any savings stamps purchased by a member to the member and to ensure that savings stamps purchased by a member are non-transferable between members.</p>
<p><b>21. PRSA</b></p>	<p>Prescribes a service whereby a credit union member may be introduced to a PRSA Provider by the member's credit union for advice on the provision of a PRSA, or when such an introduction takes place, a credit union may make facilities available to a PRSA</p>	<ol style="list-style-type: none"> <li>i. Make technical drafting changes.</li> <li>ii. Remove the condition that the credit union must hold any authorisation required under the IIA and/or a registration under the IDR. Proposed changes to Regulation 48 clarify that the provision of exempt services does not affect the application of other legal or regulatory requirements, e.g. authorisation requirements.</li> </ol>

	<p>Provider to enable it provide such advice.</p> <p>The conditions to be fulfilled for this service relate to the service being provided on an introduction basis only, a notification requirement, the number of permitted arrangements with PRSA Providers (one), the credit union holding any necessary authorisations, entering a written agreement with the PRSA Provider under which it is responsible for any relevant act or omissions of the credit union, the credit union not being party to any arising PRSA contract, use of the credit union’s premises, maintaining clear distinction of the business of the credit union, disclosure, remuneration of officers or staff members and accounting for transactions.</p>	
<p><b>22. Insurance Services on an introduction basis</b></p>	<p>Prescribes a service whereby a credit union member may be introduced to an insurance intermediary, with the appropriate authorisation under the IDR or IIA<sup>28</sup>, or an insurance undertaking, authorised pursuant to Directive 2009/138/EC (Solvency II), by the member’s credit union for the purpose of obtaining insurance services.</p> <p>The conditions to be fulfilled for this service relate to the credit union holding the appropriate authorisations, ensuring the other regulated firm is authorised, undertaking an assessment of the financial and other implications for the credit union of providing the services, ensuring adequate compensation for members in respect of certain matters, accounting for fees or commissions received, remuneration of officers or staff members, the service being provided on an introduction basis only, maintaining clear distinction of</p>	<ul style="list-style-type: none"> <li>i. Make technical drafting changes.</li> <li>iv. Change the name of this service to “Insurance intermediation services on an introduction basis” to more accurately reflect the services that may be provided under it.</li> <li>ii. Remove the condition that the credit union must have the appropriate authorisations to act as a retail intermediary. Proposed changes to Regulation 48 clarify that the provision of exempt services does not affect the application of other legal or regulatory requirements, e.g. authorisation requirements.</li> <li>iii. Remove the condition that the credit union must ensure that the regulated entity has the necessary authorisations to provide the insurance services. Proposed changes to Regulation 48 clarify that the credit union must ensure that such third party financial service provider has any necessary authorisation, license or registration.</li> <li>iv. Better align the condition - which requires the credit union to ensure the insurance service is on an introduction basis only - with those activities which do not come within the meaning of “insurance distribution” as defined in Regulation 2 of the IDR.</li> </ul>

<sup>28</sup> Insurance intermediaries are no longer required to be authorised under the IIA; rather, they require registration under the IDR.

	<p>the business of the credit union, entering a written agreement with the other regulated entity under which it is responsible for any relevant act or omissions of the credit union, the credit union not being party to any contract arising.</p>	
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