

## **Central Bank - Consultation on Credit Union Exempt Services**

### **Submission from the National Supervisors Forum**

**The Central Bank have requested that any submissions be sent as a WORD DOCUMENT OR A PDF DOCUMENT, and EMAILED as below;**

**Email to:** rcuconsultation@centralbank.ie

**Subject line:** Consultation on Credit Union Exempt Services

We would like to thank you for giving us the opportunity, on behalf of our Members, to deliver feedback on the proposed amendments to Credit Union Exempt Services.

The NSF is aware that Credit Unions may provide these services as listed in the schedule of Exempt Services, without approval from the Registry of Credit Unions within the Central Bank. Many Exempt Services are not complex, with some being no longer relevant, and others being largely an automated replacement for manual transactional based activities.

The NSF further notes that the amendments proposed to the schedule of Exempt Services are technical in nature, together with reinforcing the need to protect Members funds.

In a general sense, the NSF is conscious of the need by the Central Bank to revisit this area, given the rapid and wide-ranging advances in technology and Member choices, since the initial introduction of the schedule of Exempt Services in 2004.

The NSF, through its Members, is also cognisant of the need for technology and the provision of additional services, to be a key enabler of stated Strategic objectives within Credit Unions. While Credit Unions will continue to provide their basic Savings and Loan offerings, there is no doubt, that the trend to broaden the Member experience and deliver further and better services, will continue. Credit Unions must be to the forefront of any such enhancements and innovations.

Please find our considerations and responses below as requested.

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

**Question 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.

**NSF Considerations:** The NSF supports this proposal, as the changes are clarifying and confirming elements that are within the scope of the present legislation.

**Question 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.

**NSF Considerations:** The NSF supports this proposal to correctly categorise this function. The NSF cannot see any reason why such a correction would impact on how Credit Unions perform this function.

**Question 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?

**NSF Considerations:** The NSF is a Representative Body and does not offer or provide financial services.

**Question 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? 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.

**NSF Considerations:** The NSF is firmly of the view that there must be both clarity and transparency around the Credit Unions Fees and Charges structure. With Credit Unions offering comparable products to Banks, e.g. Current Accounts, the Consumer must be empowered to make meaningful comparisons and an informed decision. The NSF supports this initiative and acknowledges that certain of the services do not need to be included in the Exempt Services Schedule.

**Question 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.

**NSF Considerations:** In general terms, the NSF notes the intent of the Central Bank behind the proposed technical changes to the stated regulations, and the reasons behind them, and as such, the NSF has no material objection to these changes.

#### **4.2.1 Changes to the conditions**

**Question 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.

**NSF Considerations:** The NSF notes that these are necessary and proportionate changes, and fully supports them. The changes will clarify both Accounting practices and Conditions of use, and as such, should be welcomed.

#### **4.2.2 Investment and insurance intermediation**

**Question 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

**NSF Considerations:** The NSF is aware that Credit Unions act on an Agency or Introducer basis only, in terms of Insurance and Insurance Intermediation. Given the nature of these services, the requirement to register them separately with the Central Bank, is unnecessary. This is particularly so given the wide range of other products and services provided by Credit Unions. In the circumstances, the NSF supports this proposal.

**Question 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?

**NSF Considerations:** The NSF is of the view that there may well be some smaller Credit Unions who do not provide much by means of Agency or Introducer services, but may wish to do so. The NSF believes that for such Credit Unions, the cost and administration of such services may be prohibitive and would suggest that in such instances, those Credit Unions may "partner with" or "refer" such appointments to another Credit Union who will provide

such services on their behalf. This premise may also facilitate reductions and discounts in costs, while providing a common service and related products under the “Discount for goods and services” element of Exempted services. This is worthy of consideration and possible inclusion within the proposed framework.

There is also merit in examining whether such co-operative services might be provided in terms of Financial Counselling, Will-making etc., which would fulfil the desire for all Credit Unions to fully engage with their Membership, offer a professional service to a number of Credit Unions irrespective of size, and deliver on the sharing and collaborative ethos of the Credit Union movement generally.

As these examples are transactional only, they do not pose a risk to Members funds, in that the Credit Union who does not provide these services, acts as a signpost to those Credit Unions who do.

Joe Tobin

Chairperson