Irish League of Credit Unions
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DGS
Central Bank of Ireland
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17th of April 2026

ILCU response to Consultation Paper 167 - Consultation on the methodology for calculating contributions to the DGS

To whom it may concern,

On behalf of the Irish League of Credit unions, we thank you for the opportunity to provide a submission on Consultation Paper 167 - Consultation on the methodology for calculating contributions to the DGS.

The Irish League of Credit Unions (ILCU) is the largest representative body for Credit Unions in Ireland. Founded in 1960 with the aim of providing representation, leadership, cooperation, support and development for credit unions in both Northern Ireland and the Republic of Ireland, the ILCU today has an affiliated membership of circa 230 credit unions in the Republic of Ireland and Northern Ireland. Membership of the ILCU is open to every credit union in Ireland. The credit union movement is built on an ethos of mutuality, volunteerism, self-help and not for-profit philosophy.

Credit Unions are member-owned, not-for-profit financial cooperatives established to serve the financial and social needs of their communities. With over 400 branches nationwide, we are deeply embedded in local areas and operate on the principle of people helping people. Our purpose is to promote financial wellbeing by providing accessible, affordable and ethical financial services, including savings, loans and financial education, to members of all incomes and backgrounds. As the largest provider of unsecured personal finance in Ireland, credit unions play a critical role in advancing financial inclusion, supporting community resilience and reducing inequality. Our mission is rooted in cooperation, social responsibility and long-term sustainability, ensuring that financial services work in the interests of members and communities rather than profit maximisation.

Overall comments on CP167

We strongly support the Central Bank's aim is to make contribution requests more proportionate for member institutions. This is due to a) the European Banking Authority's methodology allows for new stock-based approach and b) that the DGS Fund has reached its minimum target level.

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We also welcome the potential that an institution's past contributions could place it in credit against future contributions.

We also welcome the clarity that the 0.8% minimum target level will remain.

We welcome and support that under the proposed stock-based approach, not all institutions will be subject to a contribution request in every cycle when funding is required.

We are of the view that this new levy calculation should be more predictable for credit unions, as each institutions deposit growth is taken into account, rather than everyone being levied for the growth in all covered deposits in the whole financial system.

Number of suggestions and considerations

There are a number of suggestions we have that would help and think would merit further discussion and consideration.

Timing of invoices
It would be really beneficial and helpful to credit unions if there was an alignment between the invoicing cycle and the end of the credit union financial year (30th of September s107 of the Credit Union Act). This would help with transparency and clarity.

Worked example
We think a worked example of notional figures to be included in the feedback statement would be beneficial.

Level of detail in invoices
It would help the transition to the new calculations if as much detail as possible was included in invoices to reduce queries.

Visibility of risk scores
It would be helpful if there was visibility for how credit unions' risk score is calculated and explaining the variables such as capital ratios, arrears or liquidity levels in the invoice as this may help funding strategies and appropriate asset liability management.

Calculations based on individual institutions
It would be helpful for credit unions to anticipate their contribution rate if they could calculate their covered deposits growth (known by each credit union) and their last risk weighting.

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Historical contributions
We think it will be helpful that the DGS team will contact credit unions in the summer to check that the DGS team's calculations of historical contributions are correct. There has been substantial consolidation of the credit union sector in recent years, and this should in our view lower the risk scoring of credit unions.

One area not directly relevant to this consultation but relates to the overall DGS is the amount covered.

Covered amounts
The UK Financial Services Compensation Scheme (FSCS) changed the coverage level from £85,000 to £120,000 a 41% increase. The €100,000 limit set out in Directive 2014/49/EU as transposed by SI 516 of 2015 should be increased due to inflation, time value of money and to future proof the viability of the DGS scheme.

According to the CSO calculator[1] €100,000 in November 2015 when the SI came into operation is now equal to €128,208. We think this should be raised as an amendment to the DGS Directive to €140,000.

Thank you for your consideration of these matters.

Best wishes

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[1] CPI Inflation Calculator interactive comparison app | CSO Ireland