

Mr. Martin Sisk
Deputy Head
Consumer Protection Codes
Financial Regulator
P.O. Box 9138
College Green
Dublin 2

30 January 2008

Re: CP 35 - Voluntary Consumer Protection Code for Credit Unions

Dear Martin,

Irish Banking Federation (IBF) notes that the latest draft consumer protection code for credit unions (CP35) does not appear to have reflected many of the points made in our earlier response on CP32 which is disappointing. Please find a copy of this letter attached. It was also disappointing that there was no public response document articulating the Financial Regulator's thinking on the issues raised in response to CP32.

Credit Unions are significant providers of savings and credit products and have in the region of 2.6 million members. Our submission is based on the premise that these savers and borrowers are entitled to the same level of protection as all others. Credit Unions have been brought within the Deposit Protection Scheme (Minister's announcement Sept 08), highlighting the appropriateness of consistency in the regulatory approach. On the credit side, with some 788 judgments entered by Credit Unions, totaling almost €6.7m last year, the need for equal protection clear.

Commentary from various bodies including the Financial Ombudsman, the Registrar of Credit Unions, and the Credit Union representative bodies themselves reflect the need for credit unions to fully come up to the mark in terms of appropriate regulatory and risk controls; this includes the need to ensure appropriate levels of protection for their consumers.

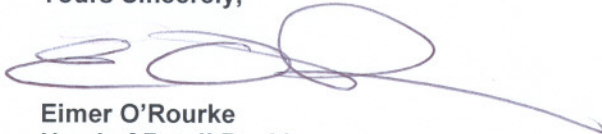
As recently as January 13, the Registrar of Credit Unions issued a letter to credit unions advising them to pay attention to the quality of the loan applications, to fully assess the financial position of people applying for a loan, and to use credit reference agencies to check if applicants have a history of failing to meet financial commitments. Mr. Logue stated "your credit union committee should introduce enhanced

scrutiny of all new loan applications. The deepening downturn means there will be a tendency for credit union arrears to rise, people will be more likely to withdraw savings and there will be greater demand for savings." He also stressed the ability of the borrower to repay a loan should be regarded as of "primary importance".

The Credit Union Act (1997) provides substantial powers to the Regulator which do not appear to be utilised given the necessity and urgency of the statements above it would be reasonable to assume that these powers will be utilised and a statutory CP 35 will become a reality. Under Section 84.1 of this Act, the Regulator must ensure that credit unions protect the funds of members and maintain the financial stability and well being of credit unions. In doing so the Regulator has the "power to do anything which in his opinion is necessary to facilitate the exercise of his functions." We look forward to seeing the Regulator and the Registrar of Credit unions utilise the power which they have been provided with under law.

We trust our comments will be considered in the constructive spirit in which they are offered. If there are any aspects which you wish to discuss further, we are happy to meet you.

Yours Sincerely,



**Eimer O'Rourke
Head of Retail Banking
Irish Banking Federation**