

ILCU response to CP 45

Review of Minimum Competency Requirements

Introduction

ILCU welcomes the consultation paper CP45 from the CBFSAI and the opportunity to present our members views on these proposals.

Bearing in mind the very significant implications of what is being proposed we would strongly advocate that an impact assessment be conducted to ascertain the impact on the financial sector for some of the more far reaching elements of the consultation such as the proposed end of grandfathering.

We have addressed your points as they appear in your consultation document.

Draft revised requirements:

- The new definition of advice does seem to widen the scope and some clarification of what this involves - perhaps by providing guidance as to what would not constitute advice would be useful.

We would also wish to suggest a *de minimus* amount as to what constitutes "advice" as we have a situation where credit union personnel may only sell a travel insurance product but require the full rigour of a qualification and ongoing CPD. We note that such minimum provisions to exist in other regulatory contexts – for example under the CCA credit agreements are not required for loans below €200. We believe the risk to consumers is removed at such amounts and if applied to the definition of advice for insurance products would provide a far more proportionate response. We would therefore ask that you explore the possibility of a minimum amount in the range of €200-500 per annum to be applied to what constitutes advice under the MCR.

- We welcome the proposal to move to an annual 15 hr requirement and to remove informal CPD.
- We welcome the attempt to clarify the position for grandfathered personnel who fail to maintain their CPD status.

- We welcome the attempt to allow reinstatement of grandfathered status – however we would have some reservations on the use of “penalty CPD hours”. In likelihood most professional bodies already charge a reinstatement fee in cases where members fail to comply with CPD requirements and we believe this is a more appropriate sanction for those who require reinstatement.
- We would seek clarification on how it would be proposed to inform consumers of their right to seek sight of the register – and whether this will require the reprinting of materials including T&C’s which has a significant cost implication. In our experience this has not been an area of concern for members of the credit union and we would question the benefit if there is a significant cost proposed.
- Whereas the certificate is a welcome development it does again place additional resource implications on already stretched credit unions.

Additional Proposals

Grandfathering

We believe that the grandfathering element was an important way to ensure recognition was provided to the extensive knowledge and experience which has been built up over time by credit union personnel. A good majority of credit union personnel would through their long and loyal service avail of the grandfathering option, to remove it would:

- Attack the essential volunteer status of many credit union personnel who simply would not volunteer if forced to complete a qualification by the removal of grandfathering.
- have a very real and very significant financial implications for all credit unions as the majority of CU personnel are experienced personnel.

Instead of imposing an MCR requirement on existing grandfathered individuals we would propose that those individuals undergo a recognition of prior learning assessment to ascertain their current levels of knowledge and skills. This process could identify areas for CPD and the development of additional knowledge and skills.

The ILCU is currently participating in an EU Life Long learning Project that is developing tools and templates that will facilitate the recognition of competency based knowledge and skills

and that we believe will provide a good fit with the Regulator's MCR approach. We would be willing to discuss this approach further with your office.

Also any possible extension of MCRs to credit union core products without a grandfathering clause or similar i.e. Recognition of Prior Learning in place would discriminate against credit unions – as other institutions would have been able to avail of the option for the last four years while we would be placed under a blanket qualification obligation for all those personnel involved in our core products – which would include all staff and a fair proportion of volunteers who would fall into the requirement through their serving on credit committees. Several thousand personnel would be caught by this requirement and the removal of a grandfathering clause would have significant cost implications for credit unions.

Whereas we welcome the overall aim to improve standards and we advocate the taking of qualifications by all credit union personnel we would strongly oppose the blanket removal of grandfathering status without an acceptable alternative as it attacks the democratic principle on which credit union volunteerism is built, does not adequately respect the experience and knowledge built up within the movement and has a huge cost implication on the credit union movement.

Internet

The ILCU would not have a position on this.

Outsourcing

ILCYU would not have a position on this.

CPD hours

We believe the doubling up of hours for grandfathers who are also qualified is inequitable and would advocate for a standard 15 hrs per year requirement.

Loan Restructuring

We would agree that in those cases where a "restructuring" requires new advice or products that it would fall into the definition of advice and be classed as an MCR activity. However we would propose that where such restructuring simply involves the rescheduling of existing debt it should not fall under the MCR requirements and that the definition of restructuring here should make this clear.

Investment Management

ILCYU would not have a position on this.

Administrative Functions

We would wish to see the functions proposed to see if they should fall, in our view, within the MCR regime.

Additional Comments

1. Definition of “Relevant”

The limited definition of relevant as it applies to credit union personnel (i.e. non-core business) means that the provision to conduct CPD only in those areas that are relevant to the activities for which they are grandfathered is unworkable. Since only a very small percentage of credit union business is insurance related, (mostly small travel or home insurance and some PPI), to restrict CPD to these areas for credit union grandfathers is impracticable. We would ask that the definition of relevant in this respect for credit unions be expanded to include credit union core products. The taking of CPD in core business would also have far more benefit to consumers of those services. In this respect your note on page 16 does already indicate that CPD “should be widely spread”.

2. Legal background

We would like to see a situation where licensed money-lenders were subject to the full rigour of regulation in this respect.

3. Grandfathering Assessment

ILCU is not sure of what benefit the documenting of the “reason for delay in grandfathering decision” would be. We would suggest that if the firm is taking positive steps to meet their MCR requirements and that they are being maintained going forward, this should be sufficient regulatory oversight.

4. Reinstatement

We would seek clarification on the use of the second point on reinstatement – is this meant to apply if the individual has not kept within the guidelines on the first point (i.e. after a year has elapsed?)

We would also wish to see specific guidance as to how grandfathered individuals who may have lost their status some time ago can be reinstated.