



CP61 Consultation on Impact Based Levies and Other Levy Related Matters

Submission from the Irish League of Credit Unions

Irish League of Credit Unions, February 2013

1. Introduction & Background

1.1 The Irish League of Credit Unions (“the League”) welcomes the opportunity to make a submission on CP61 Consultation on Impact Based Levies and Other Levy Related Matters.

1.2 The League is the principal trade and representative association for credit unions in Ireland. There are 386 credit unions in the Republic of Ireland affiliated to the League, with approximately 2.6 million members.

2. Submission

Do you agree with the Central Bank's proposal to use firms' impact categorisation under PRISM as the basis for the setting of the levies it charges regulated entities on an annual basis? If you disagree, what would you propose instead?

Yes.

Do you agree with the Central Bank's proposal to allocate the cost of financial regulation activity on a basis consistent with the allocation of supervisory resources to regulated entities? If not, what cost allocation methodology would you propose?

No. We would like to retain the principle recognising the societal benefit of credit unions in the calculation of the financial regulation activity levy.

Do you agree with the Central Bank's proposal to apply a minimum levy per umbrella plus an additional levy per sub-fund subject to a maximum number of sub-funds (i.e. Option 2)? If not, what alternative approach would you propose and why?

We do not believe this question is relevant to credit unions.

Do you agree that the credit union sector should be required to fund the relevant proportion (currently 50 per cent) of the cost of financial regulation that would apply under an impact based approach to the levy process? If not, what alternative approach would you propose and why?

No. As per the answer above we would like to retain the principle recognising the societal benefit of credit unions in the calculation of the financial regulation activity levy.

Do you agree that this change be phased in over a period of 5 years? If not, what alternative approach would you propose and why?

If there is no retention of the principle recognising the societal benefit of credit unions in the calculation of the financial regulation activity levy we would not agree with the proposed phasing in of this proposal over a period of five years. Given that credit unions have recently been invoiced for the levy towards the Credit Institution Resolution Fund Levy and will also have to pay a Rebo Levy and Credit Union Fund Levy the League believes that the transitional period and the rate at which the levy is increased should be amended. In both cases we believe that in light of all the various levies being imposed upon credit unions a period of 10 years rather than 5 years would be more appropriate. The effect an extension of this nature would be that the rate of increase would also be smaller. Furthermore as ReBo is due to conclude by December 2015, credit unions would welcome a longer phasing as it would reduce the time period in which both the ReBo and financial regulation activity levy would be due to be paid.

We would have a number of queries also in relation to costs in this area such as will cost breakdown information be available for review for transparency purposes? Also regarding analysis of peer resource levels, further information on this for the credit union movement would be beneficial.

The staffing levels in the Central Bank needs to be closely monitored to ensure they do flatten out or decline as mentioned in the final paragraph of page 9 , the evidence thus far is to the contrary, especially if you include consultants and their associated cost.

Finally, can we be assured that the expenditure on IT, premises etc is directly related to the supervision of credit unions and the allocation of costs is thus completed on a fair basis.

Do you agree with the Central Bank's proposal to impose an application fee in respect of each industry funding category proportionate to the average time taken to consider an application for authorisation? If not, what alternative would you propose?

No, an incentive for efficient processing of applications should be retained.

Do you agree that such a fee should be payable at the time an application for authorisation is submitted and that it should be non-refundable in the event that an application for authorisation is withdrawn or refused? If not, what alternative would you propose?

Yes.

Do you agree with the Central Bank's proposal to maintain the policy of imposing pro-rata levies in respect of the period in relation to which a regulated entity holds an authorisation from the Bank? If not, what alternative do you propose?

Yes.

Do you agree with the Central Bank's proposal to remit 100 per cent of the value of monetary penalties to the Exchequer? If not, how would you propose to treat monetary penalties?

Yes.

Finally we wish to query is there any timeframe around the European Central Bank's proposal re funding costs, as this may impact directly on this consultation paper and subsequent proposals.

3. Further Information

The League will be happy to provide additional information if required. Contact details for the purposes of this submission are:

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