

# St. Columba's Credit Union Ltd. - 13996

## CP 62 – Fitness & Probity Regime for Credit Unions

### Response to Consultation Questions:

#### **(i.) Do you agree with the tailored approach to the designation of CFs and PCFs for credit unions in the draft Regulations?**

In general, yes but believe that some credit unions (depending on size) will experience difficulty with the tailored approach as proposed.

#### **Do you think any additional CFs or PCFs should be designated?**

No, although clarity regarding the Central Bank's ability (under the Central Bank Reform Act 2010) to designate particular CFs as Pre-approval Controlled Functions depending on the observed or perceived 'significant influence' capability of an individual relative to the credit union's affairs would be welcome. Notwithstanding that CP62 stipulates that it is a matter for credit unions to determine the roles that fall within CUCF-1 & CUCF-2.

The inconsistency relative to existing organisational structures across the movement (e.g. titles such as Financial Controller, Operations Manager, CEO etc.) is of note.

#### **(ii.) Do you agree with the phased approach for the implementation of the Fitness and Probity regime for credit unions?**

In general, Yes but would have reservations regarding the cost/benefit aspect of the regime in relation to credit unions acting as restricted retail intermediaries [as noted in response to (vi) below].

#### **(iii.) Do you think the draft Standards cover all relevant matters for credit unions? If you have other suggestions, please provide them along with the supporting rationale.**

Yes. We note that CP62 (Appendix E) contends that the introduction of a Fitness and Probity regime will not decrease the number of individuals willing to volunteer to hold positions, it is reasonable to contend that a number of our existing volunteers will not seek re-election which should potentially be factored into the proposed phasing of the regime.

#### **(iv.) Do you think that the Central Bank should issue guidance on the Fitness and Probity regime for credit unions?**

Yes.

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**(v.) Are there any additional areas of the Fitness and Probity regime for credit unions which the guidance should cover? If you have other suggestions please provide details along with the supporting rationale?**

Is it envisaged that the Guidance will prescribe Minimum Competency and/or qualification requirements for CFs (more specifically PCFs) or will that discretion be left up to the credit union. This type of guidance could support the due diligence and pre-approval aspects of the regime.

**(vi.) Do you agree with the implementation timeframe for the application of the existing Fitness and Probity regime to those credit unions also authorised as retail intermediaries? If you have other suggestions please provide them along with supporting rationale?**

No. The sale of insurance is a relatively small part of Credit Union operations and subsequently the full F&P regime would be too onerous and costly. Credit Unions would be forced to cease the supply of basic general insurance products, thereby disenfranchising the membership. Credit Unions should continue to be governed by The Minimum Competency Code when acting as a retail intermediary.