



SUBMISSION BY THE BOARD OF ARKLOW CREDIT UNION LIMITED

Introduction of a Tiered Regulatory Approach for Credit Unions.

LENDING

- 1) Existing rules has served us well.
- 2) Main proposed changes are far too restrictive
- 3) Connected members borrowings – unfair to volunteers and management in the new proposals, will make it even more difficult to recruit Board members or other volunteers.
- 4) “One size fits all” lending in new Regulatory regime unfair to Credit Union movement in general.

INVESTMENTS

- 1) Due to proposed restrictions on investments, returns to Credit Unions will be significantly reduced, e.g. maximum maturity of 5 years, 50% of investments must be under 3 years, minimum number of counter parties increased from 4 to 6/7 because of maximum allowed to any single counterparty equal to amount of regulatory reserve.
- 2) Non-use of collective investment schemes will mean a reduced return on short term investments due to reduced interest rates.
- 3) Liquidity requirements will reduce the return on investments for Credit Unions, e.g. proposed 10% of unattached savings be available after 7 days and 15% within 1 month will mean a reduced interest return due to short time investment.



SAVINGS

- 1) Proposed restrictions going forward will mean that Credit Union s may not be able to fulfil member's needs in the future.

RESERVES

If Credit Unions are required to increase Reserves it will mean reduced surplus and therefore reduced funding to pay a dividend resulting in members transferring funds from the Credit Union movement to the Banks and other institutions.

GENERAL OVERVIEW

In general we would agree with the concept of a tiered regulation but not in the proposed format of two tiers. We believe that it requires possibly 4 tiers

E.G **0 – 10 million**

10 – 50 million

50 – 100 million

100 million plus.

Coming on the back of recent regulatory requirements such as Risk Management, Compliance and New Governance requirements we feel that the proposed tiered regulation is a further attempt to restrict the current running and future development of the Credit Union movement.

Current regulation needs time to bed down within the movement before additional changes and restrictions are filtered in.

The proposed new regulation level is far beyond what was agreed by the Commission on Credit Unions in their report.

Prepared by the Board of Arklow Credit Union Limited.

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