The following contains a submission by Ballivor/Kildalkey Credit Union Ltd, 363CU in relation to Consultation Paper CP76 “Consultation on the introduction of tiered regulatory approach for Credit Unions”.

Section 4: Overview of the proposed tiered regulatory approach for credit Unions.

Our response to 4.8 (i)

> We feel that the consultation paper has gone beyond its remit as it is not about tiered regulation but is about micro-managing credit unions, that it is being used by the central bank to impose further restrictions on the movement. It is not being used as the commission envisaged. It was anticipated that smaller credit unions with simpler business models would be subject to simpler regulation but that is clearly not the case under these proposals. We believe that the aim of the Commission and the view of stakeholders and the Department of Finance was that tiered regulation should be a positive. Credit unions are already tightly regulated as it is. The Commission envisaged that the majority of credit unions would be in the lower tier and they should expect the current “status quo” level of regulation, not additional levels of regulation. There should be no confusion on what was agreed at the Commission and the Consultation Paper is not what was agreed by the Commission.

Section 5: Overview of categories.

Our response to 5.12 (i) & (ii)

> We feel that these proposals amount to suffocating supervision at a time when revenue is decreasing, costs rising and it will directly affect the service to members, dividends and interest rebates. The proposals are also an attempt to restrict the supply of future volunteers. The focus should be on the long term viability of the credit union movement, the consultation paper seems instead to be aimed at shrinking the movement. With the introduction of Internal Audit, Risk and Compliance, Fitness and Probity etc. why is it proposing further regulations, greater reserves etc? We object strongly to the proposals around the creation of restricted persons limit under lending. The definition of family is so broad as to make the proposal completely unworkable especially for smaller credit unions, we believe the current controls regarding loans to officers etc. are fit for purpose. We have concerns about the proposals on investments. They will have a significant effect on the returns that credit unions will be able to generate on their investments. The proposal to link the amount held in any counterparty to Regulatory Reserves would mean that we may have to hold investments with six or more counterparties as opposed to the current number of four. This could result in forcing us to invest outside of Ireland which we do not wish to do.
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> We feel that the proposal to increase the liquidity requirements will impact negatively on our investment income. We are not in favor of restricting the limit on savings and deposit to €100,000.

Section 6: Provisioning

Our response to 6.3 (i)

> Our credit union feels that if there is to be a new model for bad debt provisioning then this should be driven by the representative bodies and not the Central Bank.

Section7: Timelines for the introduction of the tiered regulatory approach.

Our response to 7.2 (i) & (ii)

Our credit union feels that the timeline for implementation of the proposed tiered regulatory approach is too short given all of the other changes that credit unions are having to deal with as a result of the implementation of the Credit Union and Co-operation with Overseas Regulators Act. A suitable period of time should be allowed for credit unions to bed in these changes before having to understand and prepare for a tiered regulatory system.