

To Whom it may concern,

The first point that I would like to make is that Credit Unions and their management did not lead the country into six years of the most severe economic austerity since the great depression in addition to the loss of our economic sovereignty. This was the result of very large financial institutions that were deemed too big to fail. A most obvious conclusion from this is that smaller and well run institutions are much safer with the risk of failure having a immaterial impact on the financial stability of the State.

Such smaller institutions are regulated by market forces with inefficiencies being punished by higher costs and ultimately insolvency. The customers, members and other affiliated parties do require a certain degree of protection and deserve a certain level of service. This issue has been addressed by the original 1997 Credit Union Act and its recent amendments. In addition to this PRISM is being implemented in all credit unions to address all inherent risks and their mitigation. This is sufficient.

On a more individual level we are a small credit union with 2 part time staff and one full time staff member. We serve 3000 active members and are of great assistance to the community in the provision of credit and as an alternative to the banks whose fees and transaction costs are very high. The money supply in the local community is greatly enhanced through the multiplier effect at a time when it is most wanted. The members are personally involved as they benefit from our success. We are also a source of local employment.

This 3 person team must cope with the same regulatory burden as a credit union with 20 employees. The result of further increased regulation may lead to the closure of many credit unions and to the formation of the large entities that are too large to fail and which every taxpayer and recipient of government income is now paying for. The cost of Internal Audit will be €10,000 alone in addition to the time of the three members. The IBRC levy, Risk, Compliance and the myriad of other regulation must all be tackled by 3 people under the direction of the volunteer board. This is not sustainable.

I would like to draw particular attention to the proposed Lending and Savings regulations. A large part of a credit union's income comes from its investments. As evidenced after 5 years of a terrible financial crisis Credit Unions were and are already prudent and careful with their investments. We believe that the current regulation is sufficient.

Finally tiered means a number of different levels. The proposals don't seem to draw this distinction. The difference in the regulation for a Category 1 and Category 2 Credit Union is minimal and cannot be defined as a tier. Take the individual example above and compare it with a credit union with 100 employees. The regulation of these 2 entities should be vastly different.

We would hope the Central Bank will reconsider the proposals put forward. They are far too onerous on the small players. We don't believe it is the Central Bank's intention or would like to have a legacy of burying these smaller players in red tape.

Your Sincerely  
Ballymote & District Credit Union