At a recent board meeting of our Credit Union, the consultation document on the introduction of a tiered regulatory approach for credit unions was discussed.

In general, our board accepted the findings of the document with the exception of the following sections:

Section 5.3.2 – Investments:

With the significant reduction in deposit rates presently being experienced by credit unions, the restriction to a five year term on investments would reduce its ability to earn a reasonable return on longer term investments. An increase on the term to 8 years would allow credit unions to invest in more attractive products such as Gov't Stock.

Section 5.4.1 – Savings:

Our board felt that the restriction here should be either €100,000 or 1% of total assets, which ever is the higher. Restricting savings to €100,000 would result in funds leaving the credit union.

Section 5.2.4 – Restricted Person Limits :

The capping of these type of loans to a limit of €200,000 or 5% of Regulatory Reserves would be totally restrictive. In our credit union's case, the difference in the limit is €5k extra using 5% of the regulatory reserve figure. This restriction would penalise the family of directors and management team. It is difficult in today's climate to get directors to sit on the boards of credit unions. This restriction will further reduce the credit unions ability to source such people.

From: Crosshaven Carrigaline Credit Union.

Dated: 28th March, 2014.