

INTRODUCTION OF A TIERED REGULATORY APPROACH FOR CREDIT UNIONS.

Dunboyne & District Credit Union have major concerns about Tiered Regulation as we feel the introduction is being used by the Central Bank as a method of implementing further restrictions on the credit union movement. The proposal that credit unions be categorised will have a major effect on savings and lending at a time when revenue is decreasing and costs are rising.

The majority of credit unions would be on the lower tier and we would have expected the current status quo level of regulations to be sufficient without further regulations being introduced. A lot of change and regulations eg-PRISM have been introduced already and these need time to become effective and get used to.

As regards the changes to Investments for Category 1 Credit Unions, the proposal to reduce the maximum investment term from 10 years to 5 years and the proposed requirement to half total investment portfolio maturing after three years will have serious implications on our returns and in some cases threaten the viability of some smaller credit unions. Credit Unions should be permitted to invest in collective investment schemes and not have to invest funds outside of Ireland.

The proposed savings limit of €100,000 per member is very restrictive.

We also feel the proposed requirement for an additional reserve that the credit union has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union is an unnecessary reserve.

Clodagh Turley on behalf of Board and Management of Dunboyne & District Credit Union.

Secretary