

Tiered Regulation Consultation Document -- CP 76

Listowel Credit Union Ltd.  
Upper Church Street,  
Listowel,  
Co. Kerry.

29 – 03 – 2014

A Chara,

Having considered the Consultation Document on Tiered Regulation (CP76) Listowel Credit Union Ltd. make the following observations;

Regulation should be the same for all – there should separation of credit unions into categories, all should be treated equally, -- why should a credit union endeavour to get into category 2 when any additional services shall be limited.

We feel that tiered regulatory approach as suggested in CP76 is a process of imposing further restrictions on credit unions and also endeavouring to micro manage credit unions. The Commission Report as agreed by the credit movement is being overlooked, cast aside and misinterpreted with little account of the changing landscape for credit unions in general.

With the recent introduction of Internal Audit, Risk and Compliance, plus Fitness and Probity by credit unions, we feel that such programmes as implemented by credit unions should be allowed the time to bed in and work, the impression is being created that they will not do their tasks. Credit Unions are already very tightly regulated and supported by the current PRISM framework.

Regarding proposals to lending - the expressed view was that the restrictive limits being placed on community lending are unnecessary. Credit Unions are very much community based, owned and run by community members / volunteers.

Likewise the proposals around restricted persons lending limits would have negative effects on good credit union members with other knock on effects.

Regarding proposals on Investments we feel while diversification is good and desirable, the proposals as suggested in CP76 will have a significant impact on the returns that credit unions would be able to generate from investments. Proposing to reduce investment term from 10 to 5 years for Category 1 credit unions will also impact on a credit union's ability to diversify its counterparties and would be a counter productive step.

It is inconsistent to be allowing a broader range of investments (and services) for one category of credit union while narrowing the range for others.

Given the greater need for diversification, the growing challenge to earn income and the proposed new liquidity requirements, Collective Investment Schemes would be more relevant and beneficial to a credit union investment portfolio than ever before,-- they would provide an opportunity for

better management and diversification of risk. The proposed savings limit of €100k per member would be very restrictive and affect many members.

The timeline for implementing the proposed tiered regulatory as per CP76 is very tight, overly imposing and strangling, given that credit unions have taken on board in very recent times a menu of major changes as associated with implementation of the Credit Union and Co-operation with Overseas Regulators Act – all of which the credit union movement have embraced and therefore should be allowed to bed in and be effective over time as envisaged.

Mise le Meas

Christy Killeen  
Secretary