

Milltown Clonskeagh Credit Union
Dundrum Road
Windy Arbour
Dublin 14

T:01 298 7620

F: 01 298 7914

E: info@milltownclonskeaghcu.ie

W: www.milltownclonskeaghcu.ie

RE: Introduction of a Tiered Regulatory Approach for Credit Unions.

To whom it concerns,

In relation to some of the issues raised in CP76 a summary of the views expressed by Milltown Clonskeagh Credit Union.

- This credit union feels that The Central Bank (CB) has a plan of instigating a micro-managing approach to credit unions and not so much about a 'tiered approach'. The rules that would be set, acknowledging that rules do need to be adhered to, would be set across the board for all the credit unions, whereas there has to be some differences made for the different credit unions based on their size.
- In the current climate some of these restrictions that are being discussed would be detrimental to many credit unions, especially smaller ones, where costs are an ever increasing worry and this in turn leads to the detrimental effect on the service that we give our members, any dividends or rebates at the year end and in the volunteering ethos of the credit union movement. This 'ramp up' of regulations and standards is and will affect the ability of all credit unions to get more volunteers involved in the workings of their local credit union and as a result will have a knock on effect not just in the credit union but in the wider community.
- With these smaller credit unions, struggling with these increases in regulations will be felt much harder than larger credit unions, as these smaller ones to continue to abide by the current rules and regulations but it seems that for these to act under the same rules as a larger credit union would be a massive undertaking. Yes, rules and regulations must be followed but smaller credit unions should be able to operate in a much simpler regulation 'field' and in doing so will be at a much better standing and able to react and cope with their particular needs and wants.
- The CP76 seems to suggest that the regulations regarding Internal Audit, Risk and Compliance and Fitness and Probity, etc. will not be enough for the credit unions and that

increasing regulations that may be down the line will have to be instigated as well. This would be counter active to the roles of the Internal Audit, Risk and Compliance and Fitness and Probity, etc. to the point of showing that these processes do not work so more regulation will have to be implemented. There would have to be faith and trust in these Internal Audit, Risk and Compliance and Fitness and Probity, etc. to show that the credit union is capable of operating within these parameters without having to deal with more regulation.

- In relation to lending limits and personal lending limits, we here feel that it will effect boards, staff and family members of the credit union and there should not be a disadvantage placed on good members with such limits and in the context of smaller credit unions it would seem almost impossible to work with. There is the effect that this could create and different 'class' of membership, there are already controls in place, be it with some adjustments may be needed, that are already quite adequate for the task. The proposed limit of €100,000 per member in savings was also seen as negative restriction and in no doubt would effect a lot of the credit union members.
- Credit unions investing funds, ourselves included, find that the proposals relating to investment products will be a stumbling block, indeed in some cases, credit unions on-going viability could be impacted by such controls. With credit unions having to increase the counterparties to six as the four now, this was seen that the return on these investments could be additionally effect (not including the return rate etc.) and the possibility of having to invest the member's money in fund(s) outside of the Republic of Ireland. We would suggest that a 'collective' investment scheme could be instigated and that this would mean that investment into state projects would be a positive. The proposal to reduce the maximum investment term to 5 years, down from 10 (category 1 credit union), and halving total investments under 3 years. An increase on the liquidity requirements for credit unions could also have an impact on the income that the credit union derived from these investments.

We hope that you acknowledge our hesitations to some of the proposals in CP76 and as we have outlined in summary above, may take on board some of our concerns and suggestions. We thank you for the opportunity to comment on this situation and look forward to the response given.

Regards,

Board of Directors, Staff and Volunteers of Milltown Clonskeagh Credit Union.