

## Consultation on the Introduction of a Tiered Regulatory Approach for Credit Unions

### Consultation Paper CP76

#### Comments from the Board of Rathvilly Parish Credit Union.

1. The report of the commission on Credit Unions noted that it is important to ensure that the regulatory requirements in place for credit unions are proportionate to the scale and complexity of the credit union and for this reason it recommended a tiered regulatory approach which would subject credit unions which wish to operate a limited business model to a simpler regulatory regime. This consultation paper, however, in its proposals does not differentiate in any way between credit unions with lesser and greater assets who wish to operate a simpler business. It continues the trend of treating credit unions as solely financial institutions and does not take any cognisance of the social and community role of credit unions in their individual common bonds. It perpetuates the urban centric focus of the Central Bank's attitude to Credit Unions (by this I mean cities and large towns) and does not show any knowledge of the role and value of credit unions in a rural district /parish.
2. From the proposals made you would think it was the mission of the Central Bank to prevent small credit unions from carrying out their social and community roles and to drive members into the arms of the illegal money lenders by preventing the credit unions from providing a service to these members. A return to a three tiered proposal with a tier of credit of less than €10 million assets size with a role for the ILCU in monitoring these types of credit and a less restrictive attitude towards the whole volunteer ethos would be of more use to the citizens of the Republic of Ireland than the current attempt to drive these credit unions out of business.
3. In the current economic climate it is considered that it is not in the interest of credit unions generally and small credit unions in particular to introduce the proposals contained in this paper as the proposals in relation to lending, liquidity and savings will make it even more difficult for credit unions and smaller credit unions in particular to earn a return on its assets. The investment and liquidity restrictions already in place make it difficult to earn a return but this would make even more difficult to do so.
4. The proposal to restrict the borrowing ability of officers of the credit union and their family's without a clear definition of what constitutes an officer's family is highly restrictive and not conducive to volunteerism. In the light the definition of family which is given in the Act can be a very broad definition indeed and can encompass large numbers of people who have no direct connection with the operations of a credit union especially in rural areas. The question might arise as to the constitutionality of any such proposal. Is there a similar regulation for banks and other financial institutions? It would appear that the Central Bank is proposing to punish the family of a credit union officer because s/he has the temerity to volunteer to become a board member.