

## **St Declans Ashbourne Credit Union**

### **Response to Consultation Paper 76**

We feel that the introduction of a tiered regulatory approach could be seen by the Credit Unions Movement as a method of further restrictions by the Central Bank.

We would feel that if Credit Unions wish to remain with the services they are allowed by law there should be no need for a tiering structure for such Credit Unions, however if Credit Unions wish to extend the services that they offer their members, then we would expect some form of regulations would be put in place for these Credit Unions.

#### **Lending**

We cannot speak for all Credit Unions but here at Ashbourne Credit Union we feel that in the future we would like to offer more sophisticated services to our members and feel that procedures should be put in place to allow credit unions to provide these services without implementing a tiered system.

The 1997 Act (Section 35) works well for us and the suggestions for category 2 seems reasonable to us.

We have a very robust Credit Policy which is adhered to at all times and we are aware that all our members have the right to obtain credit from Ashbourne Credit Union with prudent underwritings considerations.

#### **Savings**

We are currently working within the proposal.

#### **Investments**

Ashbourne hold a large amount of member's savings in Investments. Because of this we feel that we have a fiduciary responsibility to earn the best return that we can from our Investments investing in products that are safe and compliant with the law.

We feel that in seeking to narrow the term limit, the investment in deposits only and the increase in counter party from 4 to 6/7 the management of the credit union is being transferred from the Board to the Bank by relating counterparty to Reg Reserve. We feel that this will prevent us from managing our member's money in the best way that we can for them.

#### **Reserves**

We feel that the present Reg Reserve requirement is acceptable.

## **Liquidity**

The proposals that are included in 5.10 are being observed by us. We do not agree with the proposal that the assets of the Credit Union are to be held in liquid form of at least 10% of unattached savings available will be available up to seven days and up to 15% available up to one month does not take into the account of the spread of shareholding.

## **Provisioning**

The provisioning framework that we use, reflects the content set out in the proposals, We are compliant with section 108 of the Credit Union Act 1997. We are not clear about the rationale behind the Central Bank's proposal.

## **Time Scales for the implementation of the tiered regulatory approach**

We feel that more stakeholders meetings should be held with Banks Representatives. Ashbourne Credit Union feel that more face to face meetings are needed if there is to be any buy in from Credit Unions.

Over the past few months we have commence putting our governance framework into practice in line with the amendment of the Act. We feel that Credit Unions need time and space to continue to implement their governance framework.

We also feel that their should be on going consultations between Credit Unions and the Central Bank.