

Swinford & District Credit Union Ltd

Submission re Consultation Paper on a Tiered Regulatory

Approach for Credit Unions

March 2014

- **4.8** The two category approach is too broad and the imposition of further restrictive regulation in addition to that already in place will be totally out of proportion to the simple business model of small and lower medium credit unions. There should be at least three categories with regulation proportionate to the complexity of each category.
- **5.2.4** The proposed restriction on aggregate lending to restricted persons is unworkable and, in any case, is an unfair penalty on those without whom the Credit Union movement would not exist – the volunteers. They should be treated no better or worse than other members.
- **5.3.2** The exclusion of bank bonds and collective investment schemes, the maximum term of 5 years and the linking of counterparty limits to Regulatory Reserves makes the selection of institutions for investment and the maximising of investment income an almost impossible task.
- **5.4.1** The restricting of the maximum savings to €100k limits the ability to compete with other financial institutions. Linking the maximum savings to a percentage of Regulatory Reserves will ensure no over concentration and allow the credit union to develop.
- **5.9.2** Additional Reserve re Operational Risk is a further unnecessary restriction, Credit Unions are already very well reserved.
- **6.2** Agree a Provisioning Framework should be developed subject to more specific information being provided at next consultation.

The continued imposition of increased regulation and oversight is placing an enormous burden on credit unions, particularly those smaller credit unions that rely on volunteers to carry out many of their functions. These regulations will deter volunteers and prospective directors from becoming involved and severely damage the movement in the short-term.

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