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Submission from Templeogue and District Credit Union in regard to

CP 76: Introduction of a Tiered Regulatory Approach for Credit Unions

The proposals as set out in Consultation Paper CP 76 impose an unnecessary burden on Credit Unions. Templeogue and District Credit Union suggest that these proposals are not in keeping with those intended by the Commission on Credit Unions. The Central Bank should consider outlining broad regulatory parameters and setting standards that should be met before certain services are offered, rather than what is proposed in CP 76 which appears to be a micro-management approach.

Templeogue and District Credit Union agree in principle with a tiered regulatory approach for credit unions. However we do not agree with the proposed approach as set out in Consultation Paper CP 76. The rationale for much of the proposed tiered regulatory approach is not clearly demonstrated. Credit Unions are already tightly regulated for example the PRISM framework is now in place. The Commission envisaged that most credit unions would be in the lower tier and therefore not requiring additional levels of regulation to that which is currently in place.

Templeogue and District Credit Union do not agree with the proposals for the operation of the two category approach for credit unions set out in sections 5.1 - 5.11. These proposals are unnecessarily restrictive.

- Lending should be based on reserves rather than on assets.
- The restrictions on loan term are unnecessary.
- It is also necessary to define 'Member of the family' more precisely and more narrowly. This proposal would appear to be discriminatory against Directors who are also Members of Credit Unions.
- The proposals on investments are restrictive and may be detrimental to credit unions and possibly threaten their future viability.
- The maximum savings, capped at €100,000, is restrictive and may have the impact of shrinking credit unions and threaten the long term viability of the credit union movement. Banks have no such limits placed on them.

Templeogue and District Credit Union find it difficult to agree or not agree that a provisioning framework should be developed for credit unions as proposed in section 6.2 as we consider that this section requires further clarification.

Templeogue and District Credit Union does not agree that the tiered regulatory approach should be introduced within the suggested timeframe. A longer timeframe is needed given all the recent changes which credit unions are implementing. In addition we consider a longer transitional period is needed between the publication and commencement of the regulations than that set out in section 7.1.

Ray Kavanagh

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Chairman

26th March 2014