

Central Bank of Ireland's Consultation on the Introduction of a Tiered Regulatory Approach for Credit Unions: Consultation Paper CP 76

Thomastown Credit Union Ltd – Submission
28/3/2014

While we agree with the Tiered Regulatory Approach to Credit Unions', we feel that the original proposal of the three tiered approach contained in the Commission Report is more appropriate for the Credit Union movement rather than the two tiered approach that is proposed in CP76.

The three tiered approach is more suitable because of the varying size and complexity of credit unions, and it is more appropriate than the broader two tiered approach. The smaller credit unions business activities are less complex and we feel that these credit unions will be better served by the three tiered approach.

Section 5.2.4

Restricted Person Limits

Under current legislation, loans for an officer are required to be approved by a special committee. This consultation paper is proposing new limits and requirements for officers of the credit union. We feel that the proposed definition and limits are unduly restrictive and unfair to officers and, may act as a deterrent against volunteering and is contrary to the ethos of credit unions.

Section 5.3.2

Collective Investment Scheme

Under current guidance issued by the Central Bank, credit unions are authorised to invest in Collective Investment Schemes. It is of great importance that the collective investment schemes should be retained in any new legislation. These schemes are of utmost importance for liquidity and for counter party purposes.

Counter Party Limits

At present counter party limits are restricted to 25% of investments. Under new proposals these counter party limits will be restricted to 100% of the Regulatory Reserve. This would mean effectively that the number of counter party investment limits would increase from 4 at present to a probable 7/8.

Section 5.6

Additional Services

We feel that all credit unions should be able to offer the services that their membership requires. The size of assets should not be a determining factor in deciding whether a credit union should or should not provide a certain service.