CP 83 – Fitness and Probity regime for Credit Unions that are also authorised as Retail Intermediaries

Response to CP 83 – Ballinasloe Credit Union (Our Lady of Lourdes) Limited

September 2014

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Section 1

Introduction

Ballinasloe Credit Union is pleased to have the opportunity to comment on the Fitness and Probity regime for Credit Unions that are also authorised as Retail Intermediaries and responds as below.

Every effort has been made to follow the format of the CBI's original document for ease of reference.

In consequence of the methodology employed in the Consultation Paper the Bank seeks answers only to questions pertaining to the Bank's views as contained within the document. However this response will attempt to answer the questions raised and highlight other areas of concern to the credit union.

BCU is concerned that the entire document emanates from a background that is completely at variance with the credit unions ethos and philosophy – which is one of service to members on a not for profit basis. The other retail intermediaries are in the retail intermediary business to make a profit – not so the credit union.

The initial proposal to introduce Fitness and Probity to all retail intermediaries "was to ensure a level playing field between credit unions ... and other retail intermediaries"[1] It is surely questionable that such a thing as a level playing field can / could exist between "not for profit" credit unions and retail intermediaries whose motive is "profit" driven.

That the Bank has now somewhat revised its original approach is welcomed.

[1] Consultation Paper CP 83 Page 3

Section 2

Background

The Board notes that the CBI's reference point is CP62 and that it was the intention of the Central Bank to introduce the general F&P regime from 01.08.2015. The imposition of same would have required the entire Board of the Credit Union to become PCFs in addition to the staff in the credit union having to have the F&P regime applied to them also.

The imposition of such a regime would have obliged the Central Bank to assess thousands of directors, chairs of the nominating committees, anti MLROs, Risk managers, Compliance officers, and Internal Audit functionaries. – and one wonders if this was a major influence in now suggesting a lesser regime?.

The list of potential additional PCF positions is staggering[2].

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Section 3

Overview of the Revised Approach

The revised tailored approach as outlined is still excessive in its application to CFs 3-11[3]. Indeed one wonders in respect of credit unions where CF 9 to CF 11 apply.

It is noted that the current CUPCF positions will apply in this instance of retail intermediaries also – and this is welcomed.

In so far as the Bank has determined that the CP62 regime is proper to be imposed on credit union the revised approach in CP83 is welcomed. It is also worthy of note that the Bank will review these matters in 2017.

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[2] Consultation Paper CP 83 Page 6

[3] Consultation Paper CP 83 Page 5/6

Section 4

Implementation Timelines

The time line and transitional arrangements appear adequate.

Conclusion

BCU having considered the proposals as outlined in CP83 finds that the Bank, in the application of the F&P regime for Credit Unions that are also regulated as Retail Intermediaries ,fails once again to distinguish the difference between “not for profit” credit unions and other “for profit” retail intermediaries.

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