

**SUBMISSION BY**

**C.U.M.A.**

**The Credit Union Managers Association**

**to the**

**Central Bank of Ireland**

**on CP 83**

**Fitness and Probity regime for**  
**Credit Unions that are also authorized as**  
**Retail Intermediaries**

**30 September 2014**

The Credit Union Managers Association (CUMA) is the representative association for professional CEOs and Managers of credit unions in Ireland.

CUMA provides professional development, training and assistance to its members and engages with a wide range of stakeholders and industry bodies in its pursuit of excellence in professional standards in credit union management.

CUMA welcomes the introduction of an appropriate Fitness & Probity regime for credit unions and shares the view of the Registrar of Credit Unions, that such a regime will improve governance standards at board and management level.

CUMA recognises that an appropriate Fitness & Probity regime should ensure that individuals who exercise significant influence and control in a credit union are capable, competent and financially sound individuals with the appropriate skills, experience, knowledge and integrity to manage and govern the credit union.

CUMA appreciates the opportunity to respond to CP 83 and believes that credit unions will positively embrace the introduction of a revised, and appropriately tailored Fitness and Probity approach. CUMA believes that it will benefit credit union members, by ensuring sound business practice and duty of care.

In its consultation paper the Central Bank seeks comment on the following:

- (i) Do you agree with the revised approach proposed for the application of fitness and probity requirements to credit unions that are also authorised as retail intermediaries? If you have other suggestions, please provide them along with supporting rationale.**

CUMA concurs with the proposed rationale for the revised approach and welcomes a review of the regime in 2017.

This review will take into account the impact of the new regulatory framework and credit union restructuring. It will also ensure that credit unions have transitioned appropriately and successfully into the Fitness & Probity regime, and that any problems are identified and resolved.

- (ii) Do you agree with the proposals regarding the Standards, Guidance, timelines and transitional arrangements for the implementation of fitness and probity requirements for credit unions that are also authorized as retail intermediaries? If you have other suggestions in relation to the proposals, please provide them with supporting rationale.**

While CUMA concurs with the Standards as proposed, we would like further clarity regarding what is actually required under Competency, Capability, Honesty, Ethics and Financial Soundness. We also require clarification as to whether it is the Central Bank or the credit union that will assess competency?

CUMA agrees with the implementation framework for the application of the existing Fitness and Probity regime to credit unions authorised as retail intermediaries.

CUMA notes the Central Banks intention to issue an updated “Guidance on Fitness and Probity for Credit Unions” following CP 83 consultation. It is important that all credit unions interpret the regime in a consistent and cohesive manner. Comprehensive guidance will ensure that a more balanced standard of compliance is introduced across the sector and will assist credit unions in implementing the regime appropriately.

CUMA requests that such guidance is issued following additional consultation with credit unions and with credit union bodies. We believe that the guidance should be issued in a timely manner, with an appropriate transition period to enable credit unions to adapt in a measured and balanced fashion. CUMA would be happy to engage with the Central Bank in advance of the drawing up such guidance notes.

Yours faithfully

**Sean Hosford**  
**Chairman**  
**CUMA**