

CONSULTATION ON REGULATIONS ARISING FROM THE 2012 ACT

I have been a lifelong member and supporter of the Credit Union movement and I wish to submit my thoughts on your proposals.

I welcome the proposal to remove commercial loans of less than €25,000 from being included in the concentration limit (50% of the regulatory reserve) This will remove a gray area of loan classification.

I would request that the criteria for loans remain at the greater of €39,000 or 1.5% of total assets. As the economy continues to grow the proposed regulation that 1.5% of total assets be replaced by 10% of Regulatory Reserve will severely curtail smaller credit unions. It is likely that certain loans such as loans for house extensions will require a higher loan amount.

The proposed regulation to reduce maximum member savings to €100,000 is ridiculous. €100,000 is not an unlikely amount in this day and age. Redundancy, Pension Lump sums, Compensation amounts and Lottery can bring you over €100,000. It does not make sense that a member is forced to withdraw their savings in excess of €100,000 and lodge them with the competition who can receive unlimited amounts of deposits. I speak of competitors who had to be bailed out by taxpayers and credit union members to the amount of €64 billion. It is likely that any member approached in this situation would walk away from the Credit Union with all of their savings and end their relationship with the Credit Union. While I understand that the number of members in the €100,000 plus category is in excess of 3,000 - a relatively small number in the context of the overall membership of 2.87 million, it is the unintended consequences of this proposed regulation that worries me most. If word gets out that a Credit Union refuses a deposit, there are two likely results:

- 1) There will be a perception that the Credit Union is in trouble and immediately their reputation is in doubt.
- 2) There will be a perception that the depositor has difficulties with the legitimacy of the deposit and cannot account for the source of the money.

I propose that if the Central Bank insists that it is considered necessary to restrict savings to €100,000 you consider the following:

Savings (shares and deposits) up to €100,000 be considered "active savings" subject to normal rules.

Any savings in excess of €100,000 would be parked in an adjoining notice type account subject to rules regarding the notice period required for withdrawals.

The effect of this would be to strengthen the finances of the Credit Union while also giving the Union security by having deposits off demand.

Consideration should also be given to index link all figures quoted in the proposed regulations.

The Credit Union movement has €8 billion in members savings - mainly on minimal return deposit, supporting the operation of their competitors. Is there not some mechanism whereby some of these funds could be used for the greater good of the community as

follows:

Employment creation - lending to SMEs where the EC through the COSME Fund provides cooperation.

Social Housing - There is at present a dire need for funding for social housing in our community. Why not authorise the Credit Union Movement in partnership with the Government to address the shortage of social housing particularly as the Central Bank can authorise the Credit Union movement 'to partake in investments and classes of investments, including where appropriate, any investment project of a public nature'.

Finally build in a review of the operation of all regulations at the end of a pre-determined period, such as in two years following commencement..

Thank you,

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