

LANESBORO BALLYLEAGUE CREDIT UNION

CONSULTATION ON REGULATION FOR CREDIT UNIONS ON THE COMMENCEMENT OF THE REMAINING SECTIONS OF THE 2012 ACT

RESPONSE TO CP88

1. SECTION 9. 9.2.2 PROPOSED CAP ON SAVINGS

WE find that this discriminates against people who have chosen the Credit union as their preferred institution of choice as to where to invest their savings and carry out financial transactions.

We feel it will in particular impact on our more elderly members who have recently or are about to retire and whereby they may be in line for a lump sum payment which they may wish to place in the Credit union which will bring them over the savings threshold. This would be most pertinent in the case of an elderly couple with a joint account or indeed to somebody who has received an inheritance or proceeds from the sale of property.

If this threshold is implemented we feel that it will discriminate against people having a choice as to where to hold their savings.

It also discriminates against credit unions in favour of banks who have no limits imposed on amount(S) individuals can have on deposit.

2. SECTION 7. 7.2.1 CATEGORISATION OF LOANS

Housing Loans:

- The term House Loan is problematic because it is not defined clearly enough.
- CP88 definition of “housing loans” indicates that all loans to improve a house will require a first legal charge to secure a property. This is impractical and unworkable.
- Loans to improve or renovate a house should not be in this category and should not require a legal charge.
- Such a charge should be at the discretion of the Board of Directors.
- We ultimately believe that loans of this type should be included under personal loans and should NOT of necessity be included as Housing Loans.

3. SECTION 7. 7.2.5 LOANS TO RELATED PARTIES

- CP88 introduces a discriminatory approach to the relatives of CU personnel and as a consequence discriminates against Credit Union personnel themselves.

- It is unnecessary and unworkable that spouses / brothers / sisters / fathers / mothers etc of Boards of Directors and Management teams should be treated less favourably simply because of their family relationship.
- Insisting that loan applications from such members must be passed by special committee and reported to the board each month is simply unjust.
- This proposal is unworkable and should be completely withdrawn because it inadvertently creates a “second class” member.
- The definition is so wide that it can not be effectively implemented as CU’s will find it almost impossible to be continually aware of relevant relationships which might contravene the regulation.
- If this proposal is imposed it will create yet another serious impediment to the recruitment of CU volunteers.
- We suggest that the requirement to report to the Board on a monthly basis should only refer to non-performing loans linked to related parties.

Will all future loan applications require a loan applicant to declare their potential relationship to an officer of the Credit union or another credit union member with similar surnames, where does this fit with Data Protection?