

Submission from
M.P.C.C. Credit Union Limited
to the
Central Bank of Ireland
On CP 88

Introduction:

The Board of M.P.C.C. Credit Union have reviewed CP88 and representatives attended the Central Bank of Ireland's Roadshow in Limerick.

They also note and are in broad agreement with the contents of submissions made by C.U.M.A. and The Irish League of Credit Unions.

The following are the particular points that M.P.C.C. Credit Union would like to lay particular emphasis on and add to.

As per CP88 the Central Bank is seeking views on the following:

- I. Do you have any comments on the draft reserves regulations? If you have suggestions please provide them along with the supporting rationale. S.5 pps. 15-18.

We submit that the proposed regulation gives no cognisance to the varying size of credit unions, nor does it recognise the limited asset types of credit unions. Many credit union loans are secured by shares thereby reducing the net risk. The majority of investments are now short term deposits in banks, thus, posing minimal risk.

We recommend a risk weighted approach to reserving.

- II. Do you have any comments on the draft liquidity regulations? If you have suggestions please provide them along with the supporting rationale. S.6 pps. 19-24

We are assuming that the 8 days referred to in this section reflects the norm in financial services sector and relates to 8 'working days'.

Also we agree with the CUMA submission that Rule 31 of the Standard Rules for Credit Unions (Republic of Ireland) caters for appropriate control and management of short-term share/deposit demand.

- III. Do you have any comments on the draft lending regulations? If you have suggestions please provide them along with the supporting rationale. S.7 pps. 25-37

M.P.C.C. Credit Union Limited views the issue of credit unions providing Housing type lending to members is deserving of thorough consideration with a view to making a House Loan specific regulation at the end of the process

- IV. Do you have any comments on the draft investments regulations? If you have suggestions please provide them along with the supporting rationale. S.8 pps 38-44

We suggest the following additions to Regulation 25

g) Centralised Lending

h) Social Housing

i) State Guaranteed Projects

j) Otherwise as may be approved by the bank

V. Do you have any comments with the draft savings regulations? If you have suggestions please provide them along with the supporting rationale. S.9 pps 45-47

Why is a cash limit being used in this instance when the vocabulary of risk is generally in terms of percentages?

The €100,000 limit proposed by the in the regulations could be construed as an implied or actual slur placed on the reputation of Credit Unions, as not being a safe home for members' savings that are not guaranteed by an external source.

VI. Do you have any comments on the draft borrowing regulations? If you have suggestions please provide them along with the supporting rationale. S.10 pps 49-51

VII. Do you have any comments on the draft regulations on systems, controls and reporting arrangements? If you have suggestions please provide them along with the supporting rationale. S.11 pps 52-63

VIII. Do you have any suggestions on additions, amendments or deletions to the services and related conditions that are included in the draft regulations? If you have suggestions please provide them along with the supporting rationale. It should be noted that any further services proposed to be included in the regulations must not involve undue risk to members' savings, the financial stability of the credit union or the operational capability of the credit union.

IX. Do you agree with the proposed timelines for the introduction of the draft regulations set out in this consultation paper, in particular the transition period proposed between the publication and commencement of the regulations? If you have other suggestions please provide them, along with the supporting rational.

In conclusion, we generally agree with the submissions from CUMA and the ILCU relating to paragraphs I to ix above.