Muintir Clanna Caoilte Credit Union Ltd

Submission on Consultation Paper 88 – Consultation on Regulations for Credit Unions on Commencement of the remaining sections of the 2012 Act.

In relation to the above consultation paper we would like to make the following observations.

Lending

Under this section we would have concerns in relation to the related party proposals. Our understanding is that related parties include the following family members, father, mother, son, daughter, spouse or civil partner, cohabitant, brother or sister.

This puts family members of directors and the management team at a disadvantage when applying for a loan as the suggestion is a separate committee must be set up to deal with these applications once they are over €2,000. Everybody on our board and management team would have family members joined the Credit Union, therefore this subcommittee will consist of different people constantly depending on who is applying for a loan.

A limit of €2000 is very small, for example in the case of an emergency if a family member is sick or has an accident abroad and funds are required urgently and if the existing loan balance is already above the €2000 proposed limit it could result in valuable time being lost waiting for a committee to meet.

Secondly if a board member has grown up children who are all living in their own homes and living their own lives with no monetary connection to their parent why should their application be treated differently to any other member. They have no financial ties and should be treated accordingly.

The same can be said for a board member whose brothers and sisters live their own lives and have no financial ties to each other.

Also the fact that related party loans are to be declared in the annual accounts is discriminating against these members who have no financial connection with the management of the credit union.

Investments

Equities have been removed from the list of authorised investments but in the document no explanation has been given as to why. As they have been acceptable all along what is the rationale for the change.

As we all know the rates available at present have never been so low so why remove equities when they could be an option to gain a better return.

Currently under the prudential return reporting system the CTMF has been classed as a separate counterparty. Under the new proposals we would lose another counterparty if we have to breakdown the funds into the separate institutions where the money is held.

Savings

In our Credit Union we have eleven members who are in excess of the proposed €100,000 limit, an excess of €300,000.

These members have built up their savings over time and they have trusted us with their funds. What message will it send out that we no longer can hold their money for them. It could result in all the funds being removed. In a community based organisation like ourselves, people talk and it could lead to the wrong conclusions and other members withdrawing their money.

If a limit is going to come into place any existing funds should remain in place as is the procedure with savings bonds or savings certificates. The limit on these is €120,000 but any interest or reinvestment of maturing funds is allowed.

These are our observations and we would like you to take them under consideration.