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Re: SME Business Lending Regulations

Dear Sir/Madam

Bank of Ireland welcomes the opportunity to respond to the Central Bank of Ireland's consultation paper (CP91) in relation to the review of the Code of Conduct for Business Lending to Small and Medium Enterprises (the existing SME Code).

Bank of Ireland has contributed in detail to the submission being made by the Banking and Payments Federation Ireland (BPFi). Given its heightened level of concern surrounding the changes proposed, however, Bank of Ireland also wishes to make its own independent submission.

Bank of Ireland is extremely concerned at the extent, timing and alterations proposed for the following key reasons:-

1. The extent of the changes and regulations are unparalleled in an EU and international context.
2. The detailed alterations will do little, if anything, to improve the flow of credit to the SME sector which is slowly beginning to recover, and, indeed, may have a negative impact.
3. There has been no impact analysis of the effect that changes to these regulations will have on the SME lending market nor a clear delineation of the actual problems and issues the changes to the Code are attempting to address.
4. The apparent changes to banks' clear legal rights and the proposed alterations to banking and payment norms are wide-ranging and extensive.
5. Customers' clear preferences, regarding channels, ease of use etc., appear to have been disregarded and the proposed changes would seriously affect the bank's efforts to offer SMEs banking products and services in line with international norms.
6. The Code will not protect borrowers equally but will only apply to those borrowing from regulated entities, creating an un-level playing field. This could have pricing and other implications.

These, and other points, are outlined in more detail in the attached submission and represent a continuation of the arguments and points the Bank has sought to make since the suggested alteration to the Code was first mooted.

Bank of Ireland would welcome an opportunity of an early meeting with the Central Bank to discuss in detail the points raised in its submission and explore ways in which these concerns may be addressed to ensure that a practical solution to the challenges faced by SMEs in the current market environment can be found.

Yours faithfully



MARK CUNNINGHAM
Director of Business Banking (RoI)