

Kilnamanagh Credit Union

Submission to Central Bank relating to Consultation Paper CP93

Section 5.1;

- 1. With respect to the reporting of different categories of CISs to the CCR, do you favour a phased approach to the implementation?**

Yes we would prefer a phased in approach so that all necessary data is completely correct.

- 2. Are there any specific areas that based on your current practice or experience you would suggest should be excluded or deferred from either phase? If so, please set out your rationale.**

We believe that to get started it would be more practical to start with a base on the CIS's indebtedness not to include clubs etc. and expand to other areas later.

- 3. If the CCR were to cover all CISs immediately, what impact would this impact would this have on your organisation and would you be in a position to supply this information i.e. have you the capacity to deliver both on scope of Phase 1 & Phase 2 as suggested at the same time? Do you see any advantage to the CCR, to CIPs or other parties of being able to cater for those who might wish to implement all the requirements as a single project?**

We wouldn't be in a position to have all requirements available for Phase 1&2 to implement together.

- 4. In terms of lending to groups of individuals without specific legal personality e.g. partnerships, clubs and associations, there may be challenges to capturing personal details of liable partners, trustees or members and adding these obligations to individual records. The Central Bank is aware that this will be especially challenging where the liability of any one individual is limited in some way.**

Could you currently provide all the personal information of individuals who are liable in these circumstances? How do you manage these types of liabilities within your organisation as a total group or as individual liabilities?

We don't lend to groups, clubs, associations etc so we could not give a view point on best practice for assessing credit for such groups. Section b, c, d and e likewise we wouldn't have a policy or recommendation for such questions.

Section 5.2;

- 1. With respect to any phasing of different CIPs, do you favour a phased approach to the implementation?**

We would agree for a phased approach but money-lenders would have to be included.

- 2. Can you please outline any further comments you have in relation to the phased approach outlined above? If you have any suggestions please provide them along with supporting rational.**

Money-lenders must be included in Phase 1. These people have such control over their borrowers that the money-lender is paid first.

- 3. It is suggested that licensed moneylenders and Local Authorities are omitted from Phase 1. Please outline any comments you have in relation to this approach? Are there any other categories or classes of CIP that you consider should be deferred or excluded? If so provide your rationale.**

We would not have any knowledge in relation to Local Authorities lending. As previously stated in point two in relation to money-lenders, while a loan may be small the interest rate can be as high as 199.9% for licensed moneylenders. The borrower could have a sizeable repayment each week on a loan of €1,000.00. It is for this reason that we feel that money-lenders should be included at Phase 1 so that the CIPs can see our members/customers indebtedness to these people.

Section 5.3;

- 1. Can you please provide your opinions on the extent of application data that should be collected? Please outline any rationale you have for your proposal.**

The only data that we input is the CIS's account number. Our IT system automatically connects to the credit bureau once the enter button is pressed. A check list comes back with the CIS's details. If these are correct we press the accept button. Within minutes a report is back detailing that particular credit check. For this reason we wouldn't any further suggestions.

- 2. If additional credit data was collected at this point, would there be significant benefits from a CIP perspective in seeing and understanding credit applications on a real time basis?**

CISs can check to see who is looking at their credit history and for this reason it has to be that CIPs only collect information and data that pertains to an application. Access can only be when there is an application to be inputted and not for querying some person that may be of interest to a CIP.

Section 5.4;

- 1. Please outline any comments you have in relation to the timing of the first point of reporting of data to the CCR? Please outline any rationale you have for your suggested proposal.**

Because our IT system is interlinked with the credit bureau, we only have to input the CIS's number from the application form into the system, as detailed in section 5.3 subsection 1.

- 2. As a CIP, would you support reporting to the CCR at some point before drawdown and could your organisation currently meet any such requirement?**

We would not support reporting to CCR before drawdown as the CIS may decide not to collect the loan. Any indebtedness pertaining to a CIS should be live debt and not speculative debt.

- 3. Please provide any comments or suggestions you may have in relation to the reporting of undrawn committed credit facilities to the CCR? You may wish to cross refer to your response to questions on section 5.3**

Our IT system will only report on drawdown credit / loan when all credit agreement and data is completed. If there is only part of the application drawn down, it is only that part that is reported and when the remainder is drawn down that is reported separately.

- 4. As stated above, the Central Bank believes there may be some concern to recording credit card approvals on a CIS record when they have not yet utilised the facility. Please provide any comments you may have.**

In our view this would be very dangerous area to approach. The only record or data available on a CIS report is real time or past history up to five years ago and not potential debt. Not all credit card holders use their full limit and for that reason there should not be the potential maximum credit available reported.

Section 5.5;

- 1. Do you have any comments on the suggested approach? Do you believe the extent of data suggested is sufficient? If not, what additional information can you provide?**

In our view the CCR should start from the beginning and only record live real time data. If this approach is adopted there will little scope for misinformation and within no time a data bank will be created.

- 2. Do you envisage any difficulties in collecting the data for periods suggested? Please outline any concerns you may have.**

The only information that can be provided to CCR is data that the CISs have given permission for. If too much historic data is collected there may be a data protection issue. While it may be permissible for the credit bureau to retain historic data for five years it may be a different issue transferring data from CIPs to the CCR.

- 3. If required, what difficulties if any are associated with collecting data, including monthly performance data, retrospectively, for example, for 3 years?**

As stated in previous question there may be a data protection issue in relation to providing data over a three year period. There is also a possibility that bulk data may be misreported and that can lead to a poor record for a CIS which in turn could end up in litigation. Some credit unions would not have three years approved data from their members.

Section 5.6;

- 1. Do you have any comments or views on the value or scope of personal information to be collected?**

We can only provide personal information on CISs where permission has been given to us.

- 2. Please advise the extent to which you currently store or process the personal fields identified in the legislation (reproduced in Appendix 1)? If you do not currently store what operational challenges you would face in collecting these from CISs?**

The information that we process relates to the individual's forename and surname, date of birth, address, telephone number and nationality.

- 3. Do you have any specific comments in respect of operational challenges you may face regarding the collection and reporting of PPSN?**

When applying for membership we are required to request a PPSN but should the applicant refuse to supply the number, the responsibility lies with the applicant to provide it to the Revenue Commissioners as per S.I No. 136 of 2008

- 4. Do you have any comments on using, to the extent possible, existing Anti-Money Laundering procedures as the basis for CIS verification regulations?**

No, we comply with Anti-money Laundering legislation.

Section 5.7;

- 1. Do you believe there is any benefit for capturing foreign credit data and that these outweigh the practical challenges embedded in the current requirements? Please outline any comments you may have in relation to the possible exclusion of this information?**

We are depending on the honesty of the CIS, so in effect it is of no advantage to capture foreign data. There would be a difficulty in gathering credit history outside of Ireland unless the CCR was extended worldwide.

Section 5.8;

- 1. Do you believe there is significant benefit to capturing guarantor data? Please outline any comments you may have in relation to the possible scope or timing of inclusion of this information?**

Data can be connected to a guarantor member in the credit union. However, we would have to have a complete new IT package to record the data of a guarantor who is not a member of the credit union.

Section 5.9;

- 1. With respect to different classes of credit information providers and users, please outline any comments you may have in relation to the possible introduction of any levies and fees? If you have any suggestions, please provide them along with supporting rationale.**

More favourable fees would be most suitable for a smaller providers that operate on a not for profit ethos.

- 2. Do you have any views as to whether all CCR costs should be recouped entirely through either a levy or a fee, but not both? For example, should all costs be recouped only through access fees (i.e. user pays principle) with no levies imposed?**

We believe recouping fees by access fees only as this is the only service that the CIPs are requesting.

- 3. Is there another more equitable basis for recouping the costs for the CCR such as based on size of CIP, product specific charges or any other basis?**

We think it would be difficult to differentiate between big banks and high charging money-lenders.

Section 5.10;

If you have any other comments or suggestions in relation to the implementation of the CCR, please include in your response together with your supporting rationale.

Our IT System (Wellington) uploads all new drawdown credit agreements at the end of the month so all member details goes to our Credit Bureau at present.