

## CO-CO CREDIT UNION SUBMISSION TO THE CENTRAL BANK OF IRELAND

### INTRODUCTION TO A TIERED REGULATORY APPROACH FOR CREDIT UNIONS

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The Board of Directors of Co-Co credit union discussed the above issue at our last Board Meeting on 1<sup>st</sup> March 2014.

#### Section 4.8 (i)

We are a Type 1 industrial credit union with shares of four million and loans of just under two and a half million.

We agree with the proposed change to two categories for credit unions because we do not agree with the Commission's recommendations for Type 1 credit unions.

We do not agree with the investment and lending restrictions proposed by the Commission. We have a cautious approach to investments and have not lost any money so far. We should not have to suffer for the faults of other credit unions. A small and simple credit union like ours still has to maximise income from investments and limiting these to one year is unfair and penalising.

Our credit committee is also cautious and takes a careful look at all loan applications. We can easily follow the rules for Category 1 credit unions. We do not have many loans over 5 years but we want to offer our members the option of longer loans.

#### Section 5.12

We discussed the Category 1 conditions and our current practices and policies comply with most of the conditions. They are clear and will be easy to follow for all items; lending, investment, shares, services, reserves and liquidity. We do not borrow. We surveyed our members last year and plan to have a website this year to improve our services.

#### Section 6.3

The proposed provisioning seems overly complicated and would be unnecessary in our credit union.

#### Section 7.1

The proposed schedule is alright.

#### Conclusion

The new proposals are good overall – it is still further change which is difficult in small credit unions with few staff and numbers of volunteers. However it is better to implement it quickly before the new regulations issued last year are too familiar.

The simpler the regulation the easier to implement.