

Consultation Paper CP 76

4.8 Do you agree with the proposed tiered regulatory approach for Credit Unions?

No.

CP 76 states on page 17 that “In general credit unions will only move from category 1 to category 2 in exceptional circumstances”. Therefore the proposal does not represent a tiered regulatory approach. It is unitary single system of governance for Credit Unions. There should be a series of business models which would allow credit unions to operate within their own communities and to provide the services best suited for local needs. One size does not fit all.

Credit Unions should be allowed develop their own individual management systems within a broad governance framework and not to be micro-managed by a governing authority.

CP76 states that “It is therefore appropriate that smaller credit unions have the flexibility to choose to operate a model comparable to that currently being undertaken by credit unions...”

The proposed model will not allow for this.

Smaller credit unions with simpler business models should be subject to simpler regulation – that is not the case in CP76.

5.12 Do you agree with the proposals for the operation of the two category approach for credit unions set out in Sections 5.1 – 5.11.

No – See above.

6.3 Do you agree that a provisioning framework should be developed for Credit Unions as proposed in Section 6.2.

The existing provisioning arrangements are more than adequate to meet the needs of credit unions.

7.2 Do you agree that the tiered regulatory approach should be introduced at this time?

No.