

TALLAGHT AND DISTRICT CREDIT UNION LTD.

RESPONSE TO CONSULTATION PAPER NO 76

Tiered Regulation:

Having considered the consultation paper, it is the opinion of Tallaght and District Credit Union Ltd. That the tiered regulatory approach proposals will not implement tiered regulation as Credit Unions would have expected but will be used by the Central Bank as a method of implementing further restrictions on the already over regulated Credit Union movement. The Central Bank is looking to go way beyond its remit. This consultation paper is not about tiered regulation but is a system for micro managing the Credit Union movement.

Section 35:

When new regulations are introduced it takes a certain length of time using these regulations to ensure they are achieving their intended results. It is our experience that when new regulations were introduced on previous occasions no provision was made to amend any anomalies that may have come to light when they were being used on a regular basis. What provision if any do the Central Bank intend putting in place to insure more effective regulation?

Savings:

Tallaght and District Credit Union feel the focus should be on the long term viability of the Credit Union movement to help insure all our people have easy access to affordable credit and are encouraged to increase their savings and get a reasonable dividend on these savings. We do not see any need to legally limit the amount a member can save as many Credit Unions apply their own saving limit and this has worked well up to now. One of the core values of the Credit union movement is to encourage thrift among its members.

Loans:

Tallaght and District Credit Union has a very robust credit policy that recognises the right of each eligible member to borrow from their Credit Union with prudent underwriting requirements attached. Connected members are provided for in this policy recognising the requirements of the bank in keeping with sound lending principles. Tallaght and District Credit Union would strongly object to the proposals around the creation of restricted persons limits under lending, this very important issue will effect board members, board oversight committees staff and their families greatly. This proposal along with a number of existing regulations will make it difficult to attract new volunteers to the movement as people will be reluctant to come forward as a volunteer when it could effect all their family members should they wish to borrow.

Investments:

Tallaght and District Credit Union feel these investment proposals will have a significant effect on the returns we can generate on our investments. The proposal to link the amount held with any counterparty to regulatory reserves will mean having to invest with at least six counterparties instead of the current four and will mean having to invest outside Ireland something we do not want to do.

This could also have a negative effect on our investment returns which along with the restricted member borrowing could seriously effect the viability of a large number of Credit Unions. The proposal to reduce the maximum investment term to five years with 50% of the investment term to be under three years will greatly reduce the income available from our investments due to the very low interest rates available and the effects of the Basle agreement to be implemented soon.

Reserves:

We feel the proposal to impose an additional reserve is unnecessary as most Credit Unions are very well reserved already and to impose the financing of another reserve will only serve to make it increasingly difficult for the Credit Unions to pay their members an annual dividend which could have a serious long term effect on the viability of a large number of Credit Unions.

Conclusion:

Tallaght and District Credit Union feel that the timeframe for the introduction of any new regulations is much too short as Credit Unions need more time to deal with the changes already imposed. Would it make that much difference if these proposed changes were postponed for about two years and allow the Credit Unions fully implement what was already brought in last Autumn.

For and on behalf of the Board of Directors of Tallaght and District Credit Union Ltd.,

Charles Fox
Chairman