

**Central Bank of Ireland's Consultation on  
the Introduction of a Tiered Regulatory  
Approach for Credit Unions: Consultation  
Paper CP76**

**Tullycross Credit Union Ltd. – Submission  
31 March 2014**

The Board of Directors of Tullycross Credit Union has studied the Central Bank's Consultation Paper on the 'Introduction of a Tiered Regulatory Approach for Credit Unions' in great detail.

We are extremely concerned of the potential impact the following two proposals contained within the Consultation Paper would have on our Credit Union if implemented:

#### **5.2.4 Restricted Person Limits**

Tullycross Credit Union is located in North West Connemara in what could be described as a close-knit rural community where many people are related. We feel the definition of family is so broad that it would make the proposal completely unworkable within our credit union as it would effect a large percentage of our membership.

Credit Unions have always operated under democratic control where all members have been treated equally. Why would we suddenly penalise good members because they are related to a volunteer. If implemented this proposal would have a very negative impact on recruiting volunteers into the future.

We cannot stress how strongly we object to this proposal.

#### **5.3.1 Investments Classes and Limits**

We have carried out an analysis of our investment portfolio in order to determine the potential implications of the proposals. We anticipate that the proposed limits are very likely to translate into lower investment income for Tullycross Credit Union as we would need to diversify into lower yielding asset classes or to lower yielding shorter term investments with an investment class.

If collective investment schemes are no longer an authorised investment class, we will need to increase exposure to call deposits where the return is considerably lower than the CTT (approx. 1.00% variable). Call deposits are yielding around 0.40% with Irish banks or 0.20% with non-Irish banks.

The proposal to link the amount held with any counterparty to regulatory reserve would force us to reallocate funds to counterparties outside of the country who are offering much lower cash deposit rates.