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RE: COVID-19

Dear Chair

I want to take this opportunity to reach out to you and your credit union during this challenging and unprecedented time for credit unions and their members.

A. Essential Service Provision

We recognise the key role that credit unions play in the delivery of financial services in local communities across Ireland, the need for which is heightened at this time. Indeed the importance of credit unions was recognised in the Government's List of Essential Service Providers under new public health guidelines published by the Department of the Taoiseach on 28 March 2020¹, which confirmed credit unions as providing an essential service.

In the current environment, credit unions are appropriately focussing on the health and wellbeing of their volunteers and staff and continuing to serve their members. We recognise the challenges being faced by many credit unions to continue providing services to members in light of the public health emergency. Indeed some credit unions may decide to close their offices due to staff and member health concerns. We are therefore proactively engaging with credit unions and key stakeholders, to facilitate credit union business continuity in those circumstances to ensure members' needs continue to be served. This aligns with our statutory mandate towards credit unions as regulator and supervisor, where we want to see both your members' funds protected, and the maintenance of the financial stability and well-being of credit unions generally.

B. Member Focus

Covid-19 presents unwelcome personal challenges for many in our society. For members, day-to-day access to your services is of fundamental importance, in particular in having access to their income and/or their savings that you hold on their behalf.

Lending is another essential service members rely upon. The scenarios arising from COVID-19 may impact in different ways on the ability of individual members to repay their loans. For some members, COVID-19 impacts may be temporary in nature, while for others the impacts may be longer term. Individual member circumstances must be considered as part of any credit underwriting assessments, and as ever, in considering underlying credit performance, credit unions should be mindful of the Central Bank's 2018 provisioning guidelines².

¹ <https://www.gov.ie/en/publication/dfeb8f-list-of-essential-service-providers-under-new-public-health-guideline/>. This is based upon regulations approved by the Houses of the Oireachtas on 26 March 2020.

² <https://www.centralbank.ie/docs/default-source/Regulation/industry-market-sectors/credit-unions/credit-union-handbook/provisioning-guidelines-for-credit-unions.pdf>



The recent communication from the Central Credit Register sent to all lenders within scope, clarifies that a payment break is not in itself an event that is reportable by a lender to the Central Credit Register.

C. Credit Union Decision Making

Governance and board responsibility are fundamentally important to protecting members at all times, and in particular at times of distress. More broadly, in managing your day-to-day business, it is important you do so, taking account of your own credit union risk appetite and financial position. Most importantly to protect your credit union and your members' funds, you must continue to identify, manage and mitigate risks arising, and ensure that decisions are taken at the right level and are documented appropriately.

D. Business Continuity

At this time, it is important that credit unions ensure they have practical business continuity arrangements in place for the maintenance of member access to essential services, including cash, credit and payment services.

As you are aware the availability of online and telephone based options for members will play a key part in enabling continuity of service delivery. There is also a need to continue to provide over-the-counter services for many members including vulnerable members. In order to deliver business continuity for your members, you may need to activate reciprocal service arrangements with other credit unions, or indeed arrangements with other financial service providers, ensuring that such arrangements are operationally robust. We support such collaborative initiatives which are consistent with the member-centric and cooperative nature of credit unions. Should temporary closure undermine your capacity to deliver for members, it is the responsibility of each credit union to ensure it has appropriate alternative arrangements in place that can be relied upon to deliver for your members at relatively short notice.

E. Communication with Members

Avoiding service interruption requires regular and timely communication with members so as to ensure that they are kept up to date on the availability of and access to services. This will be particularly important where changes are being introduced, including for example changes in opening hours or other temporary arrangements. Credit unions should ensure they have appropriate arrangements in place in this regard.

F. Supervisory Engagement

As you know we have engaged directly with credit unions over the past week to gather specific information on your operational capabilities and business contingency arrangements in the event of a credit union closure.

I would like to take this opportunity to thank you for engaging constructively with Registry supervisors on this important work. I believe that the work being undertaken at individual credit union level can reduce the potential impacts on members in the event of any closure that may arise. Registry supervisors will continue to engage closely with individual credit unions in the coming weeks on this matter.

Given the ongoing and ever-changing situation, we want to emphasise the importance of credit unions maintaining communications with us. In this regard early engagement with your supervisor in the Registry of Credit Unions on any emerging issues is welcomed.



G. Stakeholder Engagement

Finally, the Central Bank is taking a co-ordinated approach in responding to Covid-19 across the sectors that we regulate. This is to ensure consistency where possible, recognising the specific features of each sector, the separate legislative and regulatory frameworks and our own mandate in each case.

I would like to highlight to you that we are engaging on a regular basis each week with the credit union sector representative bodies and associations as well as the Department of Finance. To date in this engagement we have had a priority focus on the critical area of business continuity, so that actions are being taken proactively by all of us to ensure services to members are maintained, if possible. We ask that you avail of the support provided by others in this regard, including in the context of arranging reciprocal service arrangements if necessary.

The Registry team and I hope you, your colleagues, families and loved ones remain safe and well throughout this difficult time.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Patrick Casey".

Patrick Casey
Registrar of Credit Unions