



Moneylender News

Issue 5

December 2018

Introduction

Welcome to the fifth edition of Moneylender News. In this edition, we update you on our on-going review of the Consumer Protection Code for Licensed Moneylenders and your obligations in respect of the Central Credit Register.

We also provide information on cyber security awareness with a focus on protecting your business and your customers against cyber security risks.

As the recently appointed Head of the Consumer Protection: Policy and Authorisations Division, I look forward to working with you to improve and refine the regulatory framework in place in respect of the licensed moneylender sector, so as to embed a consumer-focused culture within the sector and bring certainty and benefits to all stakeholders.

As a regulator, the Central Bank has a statutory objective of ensuring that the best interests of consumers are protected. We hope this newsletter helps inform you of our work and how you can develop your business in a manner that puts the consumer first.



Kevin O'Brien, Head of Division,
Consumer Protection: Policy &
Authorisations

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Moneylender Code Review

Ongoing Review of the Consumer Protection Code for Licensed Moneylenders

As you will be aware, the Central Bank published a Consultation Paper (CP118) in March 2018 on our review of the Consumer Protection Code for Licensed Moneylenders (the ML Code). The Central Bank received 16 submissions in response to CP118 during the consultation process. Thank you to all firms who made a submission. We have also engaged with a number of firms as well as the Consumer Credit Association of the Republic of Ireland to discuss the proposals set out in CP118.

To inform the Central Bank's further consideration of its proposal to impose a debt servicing ratio restriction on moneylending loans, the Central Bank conducted specific consumer research in respect of this proposal since CP118 was published, and will gather further information from licensed moneylenders where required. The responses to CP118, as well as any further information gathered and research conducted, will be considered in full as part of the review process. The Central Bank expects to finalise and publish Regulations under Section 48 of the Central Bank (Supervision and Enforcement) Act 2013, to replace the ML Code, in 2019. We will carry out further engagements with the sector, where required, prior to publishing the Regulations.

Central Credit Register

Since 30 September 2018, two new important legal obligations have come into force for licensed moneylenders

Licensed moneylenders who are Credit Information Providers (CIPs) under the Credit Reporting Act 2013 (the Act) are **obliged to submit information** on credit agreements for €500 or more to the Central Credit Register. This information is to be backdated to 31 March 2018.

The Central Bank has issued correspondence to licensed moneylenders who did not submit information on time. The CCR Operations team is available to assist those moneylenders to move into production within the shortest possible time. Licensed moneylenders can engage with this team at ciponboarding@centralcreditregister.ie

Licensed moneylenders are also **obliged to make an enquiry** on the CCR for all credit applications for €2,000 or more. These enquiries cannot be

Are you on Social Media?

The Central Bank has found a number of instances where regulated entities, across various sectors, appeared to be using their social media pages (e.g. LinkedIn, Facebook, Twitter etc.) to advertise/promote their business, but did not include a regulatory disclosure statement or warning notices.

Advertisements on social media forums fall within the meaning of an advertisement as defined in the Consumer Protection Code for Licensed Moneylenders (the ML Code). As such, advertisements via social media must comply with all relevant regulatory obligations, such as the disclosure and advertising requirements of the ML Code.

made until a licensed moneylender has moved into production on the CCR, further underlying the importance of completing this process with the assistance of the CCR Operations team at ciponboarding@centralcreditregister.ie.

The CCR at the Central Bank continues to monitor compliance with the Act and associated Regulations. Enforcement actions may be considered for those licensed moneylenders who do not comply with their legal obligations.

Licence Renewal Applications

Common issues arising that may impact the efficiency of the licence renewal process

In considering recent licence renewal applications, we observed a number of common issues arising with firms in completing their applications and offer the following guidance:

1. Ensure that the most recent version of the renewal application form is submitted as part of the renewal process. The most recent version of the renewal form is attached when the Central Bank issues a renewal notification by post and/or email (also available [here](#)).
2. Ensure you sign and date the Declaration contained in Section 9 of the application form. Where the applicant is an incorporated entity (e.g., LTD or DAC) with two or more directors, the Declaration must be signed by at least two Directors and the applicant's name must be included in the designated space.
3. All questions should be answered. If a question does not apply, please write "N/A" (not applicable) or "none", as appropriate.
4. When submitting a copy of the newspaper advertisement in relation to the intention to apply for a moneylender's licence (as required under Section 93(2) of the Consumer Credit Act, 1995), ensure that the identity of the newspaper in which the advertisement was published and the date of publication is clearly legible.



Household Credit Market Report

The Central Bank published its most recent Household Credit Market Report in October 2018, which collates information from a wide range of internal and external sources to give an up-to-date picture of developments in the household credit market in Ireland. The October 2018 report can be found [here](#).

Cyber Security

Protecting your business and your customers

Cyber Security is an important issue for all firms. Fraudsters use many different methods to infiltrate systems and information assets, such as phishing, customer imitation and malware attacks.

Phishing

The idea behind 'phishing' is to defraud bank customers by tricking them into giving away confidential details such as online passwords, PINs and answers to security questions. While it most commonly takes the form of an email purporting to be from a bank asking for confirmation of details, phishing scams can be elaborate and even include sending links to mock websites made to look like a bank's real website.

Cloned Firms and Individuals

Fraudsters are increasingly using legitimate firms' details to add an air of legitimacy to their fraud. The fraudsters often 'borrow' a firm's legitimate information and will typically cold-call members of the public or claim to be one of the firm's suppliers. They may quote authorisation numbers and links to seemingly legitimate websites and even provide the real address of a firm.

Fraudsters may also gain access to customer email accounts, resulting in the fraudster impersonating the customer.

What should firms do?

To avoid consumer detriment and losses in the industry, firms should be aware of how their systems and information assets are exposed to the risks of systemic phishing threats. Firms must ensure that they have the appropriate policies and procedures in place to protect themselves and their customers, including policies and procedures to identify fraudulent activity, and where necessary, rectify issues identified.

Firms should also be suspicious of emails that use subject headers such as "New Account Details" or "Updated Beneficiary Information", emails where the language used is quite casual or the email contains details that are out of the ordinary.

Firms must also ensure that their staff are given the necessary training with the aim of reducing the likelihood of a successful attack.

A copy of the Central Bank's Cross Industry Guidance in respect of Information Technology and Cyber Security risks is available [here](#).

Cyber Security Tips

- Ensure all staff receive training and instruction regarding secure behaviour on all cyber engagements.
- Passwords - Keep them private, safe, long and unique. Those that work best prove impossible to hack, yet easy to remember.
- 91% of all cyber-attacks start with phishing emails. In emails, vigilance must be paid to all links and attachments before activation.

What should you do if you become aware of an Illegal Moneylender?

If you suspect that a firm or individual may be acting as an illegal moneylender, you should report that suspicion to An Garda Síochána at your local Garda Station (who have the responsibility for prosecuting unlicensed moneylending).

You are also welcome to submit any evidence of illegal moneylending to the Central Bank should you wish to do so via

moneylending@centralbank.ie

The Central Bank publishes Strategic Plan 2019-2021

The Central Bank has published its Strategic Plan 2019-2021, setting out its key priorities for the next three years

It builds on the current strategy with many on-going priorities and initiatives continuing to feature over the next three years.

Launching the strategy, Governor Philip R. Lane, said “*Our priority is to serve the public interest by safeguarding monetary and financial stability and by working to ensure that the financial system operates in the best interests of consumers and the wider economy*”.

The strategy sets out the five strategic themes that the Central Bank will focus on for the next three years. These are:

- Strengthening resilience
- Brexit
- Strengthening consumer protection
- Engaging and influencing
- Enhancing organisation capability

The Strategic Plan 2019-2021 and the associated press release is available on our website - [Strategic Plan](#) and [press release](#).

Behaviour and Culture Report of the Irish Retail Banks

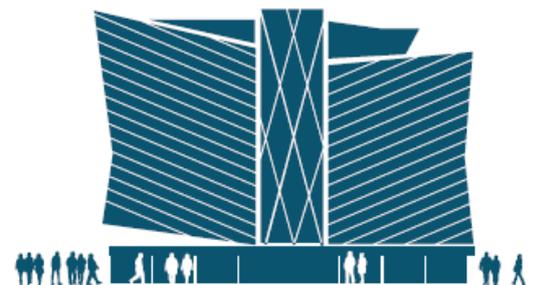
In July 2018, the Central Bank published a report assessing the behaviour and culture of the five main Irish retail banks

The report was undertaken in collaboration with the Dutch Central Bank (De Nederlandsche Bank - DNB). Culture is important from a prudential and conduct perspective, given that behaviours can affect any or all areas of a firm. The reviews conducted focused primarily on

75 Years of Public Service

1 February 2018 marked the 75th anniversary of the foundation of the Central Bank.

This important milestone provides the opportunity to pause and reflect on our past and consider the contribution the Central Bank has made over the decades to the history of the State, the European project and the people of Ireland. For more information on our 75th anniversary, visit our website [here](#).



the executive leadership team, due to the importance of its members in driving effective cultures. Derville Rowland, Director General Financial Conduct said:

- *“Culture is set from the top down. It is a matter for boards and senior management, in the first instance, to set an effective culture that places the best interests of their customers first”.*
- *“Effective organisational culture builds on shared purpose and standards such as professionalism, honesty, integrity and accountability to deliver fair outcomes that have the interests of consumers at heart. The Central Bank expects to see such standards and values embedded in all the firms we regulate”.*

While this review was focused on the five main Irish retail banks, the report’s overall message applies to all regulated entities. In this regard, the Central Bank expects all firms to act in their customers’ best interests in tandem with fulfilling their prudential obligations. The publication of the report provides an opportunity for you to take time to review the effectiveness of the culture in your firm in promoting positive consumer outcomes in the delivery of services to consumers. The full report and associated press release are attached here - [report](#) and [press release](#).

Contact Us

As part of our commitment to on-going communication with you, we have set out the main contact points for queries below. You can access the Moneylending section of our website via this [link](#).

General Queries/Feedback
01-224 4510
moneylending@centralbank.ie

Online Reporting System/Online Individual Questionnaire
01-224 4545
onlinereports@centralbank.ie

Fitness and Probity
01-224 5333
fitnessandprobity@centralbank.ie

We want your views!

We welcome your feedback (both positive and negative) in relation to this newsletter, as well as any suggested topics that could be covered in future editions.

