



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

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# Member Personal Current Account Services

**ADDITIONAL SERVICE APPLICATION PROCESS**

## **MPCAS ADDITIONAL SERVICE APPLICATION PROCESS**

This document is intended as a guide to your credit union's application for a grant of approval for the additional service described as MPCAS. It sets out how the Bank will assess your application.

In the first place your application is for MPCAS and not another service. The application form describes the service and its general conditions of approval.

If you are applying for a service of a different description, you should refer to the general application section of our website.

MPCAS represents an important development for credit unions. The business of providing payment services such as debit cards is a complex, sophisticated and regulated business activity requiring a distinctive business model and associated risk management capabilities and capacities. Furthermore, the provision of such services requires significant on-going investment in developing and maintaining business model viability, strategic and operational resources and associated risk management capability. Consequently, it is important that the service is established on a sound and safe footing by credit unions who have the resources and capabilities to do so.

Accordingly, concerns, relating to resources and capability, would arise were a credit union (with less than €75 million Total Assets) to apply to provide this service.

There are three stages in the MPCAS additional service approval process as follows:

### **STAGE 1: PRELIMINARY VIEW/MINDED TO CONSIDER YOUR APPLICATION**

At this stage we will assess your credit unions PRISM risk profile. Where an RMP has been communicated to you, we will assess your progress in delivering on our required risk mitigation programme. Where there are outstanding material risk concerns, you may be required to provide an update on your progress. If for

example your credit union is subject to a lending restriction, you should contact your supervisor before you incur the costs associated with an application.

Where we are satisfied to consider your application on the basis that it appears to be in the interests of your members and mindful of our statutory mandate, we will by letter issue a minded to favourably consider the application. It may be the case that due to supervisory concerns relating to the current risk profile of your credit union that a negative response may be issued that the Bank is not minded to consider your application. In which case the Bank will set out its reasons why.

### **STAGE TWO: APPLICATION ASSESSMENT**

In this stage, the Bank will assess the impact of MPCAS on your credit union's risk profile. If the Bank considers the risk impact is not one the credit union can prudently address, it may judge that the service is not in the interests of members and/or the financial stability of your credit union and the application may be declined. In which case the Bank will set out its decision along with reasons why.

If the Bank is disposed to granting approval, it will issue a 'minded to approve' letter which shall include the conditions of approval in the form you have applied for and any other conditions deemed relevant to your credit union. For example, at this stage a minded to approve decision may be made conditional on the satisfaction of current RMP requirements.

### **STAGE THREE: APPROVAL**

Where the Bank is satisfied with your response to its minded to approve letter, it may then issue a grant of approval.

## MPCAS Eligibility Criteria November 2016

Before making an application a credit union should consider the criteria set out below. Where it feels that there are outstanding weaknesses that are subject to ongoing risk mitigation plans it should contact its supervisor to discuss its eligibility to apply.

When considering eligibility, the Central Bank will take cognisance of all relevant information which it has gathered through its supervisory interaction with the credit union including the outcome of any PRISM engagements undertaken.

<b>Eligibility category</b>	<b>*Criteria</b>
<b>Total Asset Size</b>	<b>Available resources and capability of a credit union to provide this service (for example, concerns would arise were a credit union with less than €75 million in Total Assets to apply for this service)</b>
<b>PRISM Overall Risk Rating</b>	<b>L or ML (if MH or higher contact supervisor)</b>
<b>Category Risk Rating</b> <ul style="list-style-type: none"> <li>• Credit risk</li> <li>• Market risk</li> <li>• Liquidity Risk</li> <li>• Operational risk</li> <li>• Governance</li> <li>• Risk Management</li> <li>• Strategy &amp; Business Model</li> <li>• Capital</li> </ul>	<b>ML/L across all categories (if MH or higher contact supervisor)</b>
<b>Recent Risk events</b> Events under enquiry of and engagement with the credit union's supervisor	<b>Contact supervisor</b>
<b>Operational capability</b> Supporting EFT & SEPA compliant transactions	<b>Yes (if no, contact supervisor)</b>

\*Criteria subject to review.

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