

Submission to Consultation Paper CP 76

Piercestown & District Credit Union Ltd:

The Board of Directors of Piercestown and District Credit Union Ltd welcome the concept of a Tiered Regulatory Approach for Credit Unions that are fair and equitable but object to the discriminatory and draconian measures that are proposed in your consultation paper CP76.

Section 5.1.1. Savings in category 1 Credit Unions:

You are proposing new lower limits on members savings without any explanation or reasons for this. The existing limits ie. €200,000 appears not to be causing any concern to Credit Unions.

Will this limit be extended to all Financial Institutions or will it discriminate against a person just because they are a member of a Credit Union.

What about the member whose present savings are below the existing limits and would be above the new limits?

Will they be forced to reduce their savings and what effect that would have on their local Credit Union, also the reputational damage it could cause to their local Credit Union.

Section 5.2.4 Restricted Persons:

The definition in the Credit Union Act of the family is wide ranging. If this proposal is implemented it will for the first time create a special category of membership in the Credit Union.

Continued:

It means that a member, who is Married/Living Independently with his or her own income and employed etc, is penalised because a member of his or her family as defined in the act wishes to serve either as a volunteer or staff member of their Credit Union.

This proposal will have a catastrophic effect on Credit Unions in the recruitment of volunteers and staff to the effect if families become involved it will impede/penalise members and their extended family in obtaining a Loan in their own right as all other members will not be in this category.

We are opposed to the introduction of any procedures that discriminate or penalise any member against other members.

It is unfair and is creating an inequality amongst members.

5.3.2. Investments

Whilst not ideal we are happy to continue with the present investment regime.

The proposed regime will in our opinion cause difficulties due to having to invest in Banks outside of the state. It also means that Credit Unions will have to reduce the amounts they have on deposit in Irish Banks ie. Bank of Ireland A.I.B, Permanent TSB.

We believe that if this proposal is implemented it will have drastic consequences for small and medium Credit Unions regarding their investments and would lead to the demise of a number of Credit Unions **causing** serious consequences for the local communities that they serve.

6.2. Proposed Provisioning Framework

The present system which is not perfect has served the Credit Union well.

What is proposed will have a devastating effect on all Credit Unions in forcing them to drastically increase their Bad Debt Provision because of the shorter period to have to provide 100% cover.

In light of what Credit Unions have come through due to the current economic crisis the current provisioning process has served the movement well and should be left alone.

Overall we are opposed to the proposed proposals contained in CP76 on the grounds that it appears to us that it is geared for the curtailment and/or the destruction of the Credit Union movement in Ireland.

We are disappointed that there was no rationale or detailed information to back up these proposals.

We would appreciate your comments.