

# CREDIT UNION SERVICES

## Contents

<b>1.</b>	<b>Legislation.....</b>	<b>3</b>
<b>2.</b>	<b>Regulations .....</b>	<b>9</b>
<b>3.</b>	<b>Guidance .....</b>	<b>20</b>
3.1	Credit Union Services.....	20
3.2	Member Prize Draws.....	21

## Version History

Version	Date	Amendments
0.1	July 2013	Initial Version.
1.0	September 2013	No Amendments.
1.1	November 2015	<ul style="list-style-type: none"> <li>• Deleted section 182(1) paragraphs (a) to (f) to reflect the commencement of item 134 of schedule 1 of the 2012 Act.</li> <li>• Deleted section 182(1) paragraphs (h) and (i) to reflect the commencement of item 135 of schedule 1 of the 2012 Act.</li> <li>• Inserted new regulations in Section 2.</li> </ul>
1.2	January 2016	<ul style="list-style-type: none"> <li>• Updated regulations in Section 2.</li> </ul>
1.3	February 2017	<ul style="list-style-type: none"> <li>• Inserted Section 3.1 to provide guidance on draws.</li> </ul>
1.4	March 2018	<ul style="list-style-type: none"> <li>• Updated Section 3.1 with Thematic Review Guidance.</li> </ul>
1.5	April 2024	<ul style="list-style-type: none"> <li>• Amended text in section 48(4)(a) and 48(4)(b) to reflect the commencement of the Credit Union (Amendment) Act 2023.</li> <li>• Deleted text in section 48(4)(c) to reflect the commencement of the Credit Union (Amendment) Act 2023.</li> </ul>
1.6	September 2024	<ul style="list-style-type: none"> <li>• Inserted Section 51A to reflect the commencement of the relevant section of the Credit Union (Amendment) Act 2023.</li> <li>• Updated to reflect the definition of 'member' contained in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.</li> <li>• Inserted Section 3.1 to provide guidance on credit union services and updated the numbering of previous section 3.1 to 3.2.</li> <li>• Updated the name of the Chapter from 'Additional Services' to 'Credit Union Services'.</li> </ul>
1.7	April 2025	<ul style="list-style-type: none"> <li>• Updated regulations in Section 2 "Interpretation" to reflect the insertion of definition of 'credit transfer'; 'current account'; 'direct debit'; 'money remittance'; 'payment service</li> </ul>

		<p>provider' and 'payment transaction' contained in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.</p> <ul style="list-style-type: none"><li>• Updated regulations in Section 2 "Regulation 48" to reflect the commencement of the Credit Union Act 1997 (Regulatory Requirements) (Amendment) (No. 2) Regulations 2024.</li><li>• Updated the guidance in Section 3.1 to reflect changes as a consequence of the commencement of the Credit Union Act 1997 (Regulatory Requirements) (Amendment) (No. 2) Regulations 2024.</li><li>• Updated the guidance in Section 3.2 to reflect changes as a consequence of the commencement of the Credit Union Act 1997 (Regulatory Requirements) (Amendment) (No. 2) Regulations 2024.</li></ul>
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## 1. Legislation

### Section 48 – Power to provide additional services

- (1) ‡ Subject to the following provisions of this Part, a credit union may provide, as principal or agent, additional services of a description that appears to the credit union and to the Bank, to be of mutual benefit to its members.
- (2) ‡ In this section and the following provisions of this Part 'additional services', in relation to a credit union, means any services other than those—
- (a) for which provision is made by the preceding provisions of this Part, or
- (b) which are being prescribed for the purposes of this section as being services of a description that appears to the Bank to be of mutual benefit to its members,
- and regulations made by the Bank for the purposes of paragraph (b) may make the exclusion of any services from being additional services conditional on compliance with such conditions as may be prescribed by the Bank.
- (3) Nothing in this section or the following provisions of this Part affects the operation of any enactment which is not contained in this Act and which, in whole or in part, relates to the provision of financial or other services of any description.
- (4) In order to enable a credit union to provide additional services of any description—
- (a) ‡ the credit union must adopt a decision to provide additional services of that description by a resolution passed by not less than two-thirds of the members present and voting at an annual general meeting or at a special general meeting called for the purpose of considering the resolution, or the credit union must adopt a decision to provide additional services of that description by a resolution of the board of directors; and
- (b) the provision of the services must be approved by the Bank in accordance with *section 49* and the services must be provided in accordance with the terms and conditions of the approval.
- (c) [deleted]
- (5) Notice shall be given of a resolution under *subsection (4)(a)* in accordance with the rules of the credit union or, if the rules do not make special provision as to notice of such a resolution, the like notice shall be given as is required by the rules for a

resolution to amend the rules; and notice of the resolution shall contain or be accompanied by a statement giving—

- (a) a description of the services which it is proposed to provide;
- (b) an assessment of the financial and other implications for the credit union of the provision of those services; and
- (c) details of such other matters as the Bank may by notice in writing require to be brought to the attention of the members of the credit union concerned.

(6) Before giving notice of a resolution as mentioned in *subsection (5)*, a credit union shall consult the Bank and the Bank shall give a preliminary view as to whether and to what extent the provision of the service would be likely to be approved by it; but the giving of such a preliminary view shall not prejudice the decision of the Bank under *section 49(3)*.

(7) † The Bank may specify in writing such requirements as it considers necessary for credit unions providing additional services; and different requirements may be so specified in relation to different descriptions of additional services and apply to different classes of credit unions.

(8) † A credit union shall not be able or, as the case may be, shall cease to be able to provide additional services of a description to which requirements under subsection (7) apply if—

- (a) the credit union does not satisfy those requirements, or
- (b) within the period of 12 months beginning on the date on which approval for the provision of the services is given under section 49, the credit union does not begin to provide those services;

but, if a credit union ceases to comply with any of those requirements, the cessation shall not, of itself, impose an obligation on the credit union to dispose of any property or right acquired in connection with the provision of the additional services concerned.

#### **Section 49 – The Bank’s approval of provision of additional service**

(1) An application by a credit union for the approval of the provision of additional services of any description (in this section referred to as an "approval application")

shall be made to the Bank in such manner as it may by rules direct, and shall be accompanied by such information as may be so specified.

(2) Without prejudice to the generality of the powers of the Bank under *subsection (1)*, an approval application shall include information about—

(a) the protection of members for whom the services are to be provided from conflicts of interest that might otherwise arise in connection with the provision of the services;

(b) the provision proposed for securing that adequate compensation is available to those members in respect of negligence, fraud or other dishonesty on the part of officers of the credit union in connection with the provision of the services;

(c) the extent to which and the manner in which the provision of the services will require the involvement of persons with particular qualifications or experience;

(d) the cost of providing the services;

(e) the income expected to accrue from any charges made for the services; and

(f) the credit union's proposed principal, in a case where the approval application relates to the provision of services by the credit union as agent for another;

and, where an approval application relates to the provision of additional services of more than one description, the information referred to above shall be given separately in respect of each description of services.

(3) Having considered an approval application (which complies with *subsections (1)* and *(2)*), the Bank shall give notice, either—

(a) granting approval;

(b) refusing to grant approval; or

(c) granting approval subject to whatever conditions (including restrictions or exclusions) it considers appropriate;

and the Bank shall not grant an approval application in respect of any description of additional services unless it is satisfied that the resolution required by *section 48(4)(a)* in relation to services of that description has been passed.

- (4) In making its decision on an approval application, the Bank shall have regard to the interests of the public and of the members and creditors of the credit union, to the orderly and proper regulation of the business of the credit union and to such other considerations as it thinks proper.
- (5) Subject to *subsection (6)*, within four months of the date on which it receives an approval application, the Bank shall either notify the credit union of its decision on the application or require the credit union to supply to it such additional information as it considers necessary to enable it to reach a decision and, where the Bank requires the provision of such additional information, it shall notify the credit union of its decision on the approval application not later than four months from the date of its receipt of that additional information.
- (6) Where an approval application relates to the provision of services by the credit union as agent (and not also as principal), *subsection (5)* shall have effect with the substitution for any reference to four months of a reference to two months.
- (7) Without prejudice to the generality of *subsection (3)(c)*, the conditions which the Bank may impose in granting an approval application may, in particular, include provisions about—
  - (a) the amount of funds that may be applied by the credit union to the services;
  - (b) whether the credit union may act as principal or agent in providing the services;
  - (c) the period during which the services may be provided;
  - (d) limits on any guarantees, bonds, contracts of suretyship or indemnities given or entered into by the credit union;
  - (e) whether and to what extent the approval of the Bank is to be obtained in respect of particular proposals;
  - (f) ‡ the qualifications required to be held by officers of the credit union providing the services;

(g) the avoidance of conflicts of interest;

(h) the charges to be made in relation to the provision of any services;

(i) the preparation of accounts in respect of services being provided;

and different conditions may be so imposed in relation to different descriptions of additional services.

#### **Section 50 – Supplementary provisions as to Bank’s functions**

1) In the exercise of its powers under *sections 48 and 49* and this section, the Bank may at any time consult the Advisory Committee and such other bodies as appear to it to be expert or knowledgeable in matters relating to credit unions.

2) Without prejudice to the generality of *subsection (1)*, the Bank may commission an independent assessment of the capacity of a credit union to provide any or each description of the additional services in respect of which it has made an approval application; and, if the Bank so directs, the credit union shall defray the costs of such an assessment.

3) If it appears to it appropriate to do so, the Bank may at any time by notice—

(a) withdraw an approval granted under *section 49*;

(b) revoke or vary any conditions imposed on such an approval; or

(c) impose new conditions on such an approval;

but any such action by the Bank shall not require the disposal of any property or right already acquired.

4) In this section "approval application" has the same meaning as in *section 49*.

#### **Section 51 – Requirements applicable to credit unions providing additional services**

(1) A credit union shall not make or offer to make a loan to a member subject to a condition that any additional services which the member may require (whether or not in connection with the loan) shall be provided by (or through the agency or assistance of) the credit union.

- (2) Where, in connection with a loan by a credit union, any additional services are made available by a credit union, the credit union shall not make those services available except on terms which distinguish the consideration applicable to each service which is so made available.

**Section 51A – Referral to another credit union**

- (1) Where the rules of a credit union so provide, the credit union may refer a member of the credit union (in this section referred to as the 'referring credit union') to another credit union (in this section referred to as the 'receiving credit union') for the purpose of the provision by the receiving credit union of a service to the member of the referring credit union.
- (2) Where a member of a referring credit union is referred in accordance with subsection (1) —
- (a) the receiving credit union may provide the service in respect of which the referral is made to the member concerned, and
  - (b) the member concerned shall be deemed, for the purpose only of the provision of the service concerned, to be a member of the receiving credit union for the period during which the service is provided.



## 2. Regulations

### **CREDIT UNION ACT 1997 (REGULATORY REQUIREMENTS) REGULATIONS 2016 (S.I. No. 1 of 2016)**

*(This Chapter has not reproduced the entirety of Part 1 – please consult the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 for the full provision.)*

#### **PART 1**

#### **PRELIMINARY AND GENERAL**

#### **Interpretation**

In these Regulations, unless the context otherwise requires:-

“the Bank” means the Central Bank of Ireland;

“credit transfer” means a payment service for crediting a payee’s account with a payment transaction or a series of payment transactions, from a member’s share account, deposit account, budget account or current account by the credit union which holds the member’s account, based on an instruction given by the member;

“current account” means an account held by a member or members with the credit union that is used primarily for the execution of day-to-day payment transactions and in respect of which members holding the account may use an ATM card, payment card or similar device and payment card or similar device having ATM functionality;

“direct debit” means a payment service for debiting a member’s share account, deposit account, budget account or current account, where a payment transaction is initiated by the payee on the basis of the consent given by the member to the payee, to the payee’s payment service provider or to the member’s payment service provider;

“member” includes a person in respect of whom services are being offered or provided by a credit union –

(a) as part of an agreement referred to in section 35(2)(c) of the Act; or

(b) pursuant to the receipt of a referral from another credit union in accordance with section 51A of the Act;

"money remittance" means a service where funds are received by the credit union from a member, for the sole purpose of transferring a corresponding amount to a third party or to another payment service provider acting on behalf of the payee, and/or where such funds are received on behalf of and made available to the payee;

"payment service provider" means a person referred to in Regulation 6(1) of the European Union (Payment Services) Regulations 2018 (S.I. No. 6 of 2018);

"payment transaction" means an act, initiated by a member or on the member's behalf, as the payer, or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee including transactions which may take place in respect of, but not limited to the following payment services:

- (a) services enabling cash to be placed on a current account as well as all the operations required for operating a current account;
- (b) services enabling cash withdrawals from a current account as well as all the operations required for operating a current account;
- (c) execution of transactions comprising transfers of funds on a current account with the member's credit union or with another payment service provider, including:
  - (i) execution of direct debits, including one-off direct debits;
  - (ii) execution of transactions through a payment card or a similar device; or
  - (iii) execution of credit transfers, including standing orders;
- (d) execution of transactions where the funds are covered by a credit line for the credit union member, including:
  - (i) execution of direct debits, including one-off direct debits;
  - (ii) execution of transactions through a payment card or a similar device; or
  - (iii) execution of credit transfers, including standing orders;
- (e) issuing of payment instruments in the form of payment cards and similar devices;

"Personal Retirement Savings Account", "PRSA" and "PRSA Provider" each have the same meaning as in Part X of the Pensions Act 1990;

"the Act" means the Credit Union Act, 1997;

**Part 9****SERVICES EXEMPT FROM ADDITIONAL SERVICES REQUIREMENTS****Performing Services**

48. (1) The services set out in Schedule 2 to these Regulations are services prescribed by the Bank for the purposes of section 48(2)(b) of the Act.
- (2) A credit union shall not perform the services specified in Schedule 2 to these Regulations unless the appropriate conditions specified in that Schedule are fulfilled.
- (3) Subject to the conditions specified in Schedule 2 to these Regulations and any other requirements that apply under financial services legislation, a credit union may charge fees and receive commission in relation to the provision of services specified in Schedule 2 to these Regulations.
- (4) Where a credit union receives fee or commission income in relation to the provision of services specified in Schedule 2 to these Regulations, the credit union shall account separately in its books for any such fees and commissions received in relation to the provision of the individual service.
- (5) The provision of any of the services specified in Schedule 2 to these Regulations is without prejudice to the application of any other legal or regulatory requirements that a credit union must comply with when providing the service in question, including any requirements relating to authorisation or license from, or registration with, the Bank or other authority.
- (6) Where a credit union refers, or introduces, a member to another regulated financial service provider, acts in the capacity of agent for another regulated financial service provider or provides intermediation services in accordance with relevant services specified in Schedule 2 to these Regulations, it shall ensure that the relevant third party financial service provider has any necessary authorisation or license from, or registration with, the Bank or other authority to provide the relevant services.

**SCHEDULE 2**

1. Certain payment services, that is to say any service which may be provided by a credit union whereby a member may instruct the member's credit union to transfer funds on the member's share account, deposit account or budget account through —

(a) execution of direct debits, including one-off direct debits, or

(b) execution of credit transfers, including standing orders,

and which shall not include debit card or credit card services.

2. Current account services, that is to say services which a credit union may provide to its members, from 1 April 2025, whereby a credit union member avails of a euro-denominated current account provided by the credit union subject to the following conditions:

(a) at least 30 days before it intends to make current account services available to members, the credit union submits a notification to the Bank in a form to be published by the Bank on its website from time to time;

(b) services are provided to —

(i) members in their personal capacity as personal current accounts only,

(ii) members in their capacity as a charity, club or society for purposes relating to the activities of the charity, club, or society only, or

(iii) (members in their capacity as a micro, small or medium-sized enterprise within the meaning of Commission Recommendation 2003/361/EC for purposes related to the business activities of the enterprise only;

(c) interest, including surcharge interest, on an overdraft facility does not at any time exceed the maximum interest rate that may be charged by a credit union on loans made to its members pursuant to section 38 of the Act;

(d) the credit union accounts separately in its books for all such transactions;

(e) the credit union safeguards any transaction funds not yet credited to a member's account or transferred to another payment service provider from any claim, right or recourse of a liquidator, administrator or examiner of the credit union;

(f) the credit union holds a separate operational risk reserve in respect of its current account services which —

(i) is distinct and in addition to the reserves that the credit union is required to hold under Regulation 4 of these Regulations and other operational risk reserves held by the credit union, and

(ii) has the characteristics set out in Regulation 3 of these Regulations;

(g) the credit union ensures, by means of putting in place and maintaining adequate insurance cover, that adequate compensation is available to members in respect of negligence, fraud or other dishonesty on the part of officers of the credit union in connection with the provision of current account services; and

(h) in the event of any major difficulty, failure or delay affecting the service or the provision of the services (or any part thereof), the credit union shall, as soon as it becomes aware thereof, notify the Bank immediately, advising it of such difficulty, failure or delay and the nature, extent, effect and likely duration of the circumstances, and shall use its best endeavours to minimise the effect of such circumstances including the making of any alternative arrangements which may be practicable and shall after the cessation of any such circumstances, notify the Bank.

3. Bill payment services, that is to say a service by which a credit union member may have a utility or other household bill paid by the credit union, either by debiting the member's account or by using cash supplied by the credit union member.

4. Budget account, that is to say a service by which the credit union may agree to provide members with a budget account, on which a credit facility may be offered, and into which a member pays agreed regular sums and from which the credit union will discharge, on the member's behalf, a list of bills agreed with the member as and when they fall due, subject to the following conditions:

(a) terms and conditions in respect of this service are agreed by the credit union and the member, including —

(i) the provision of the credit facility to the member, where one is offered as part of this service,

(ii) the interest rate or rates on any credit facility,

(iii) where a credit facility is offered as part of this service, a requirement for the member to pay off the credit facility at least once in every 12 month period, and

(iv) any fees and charges that apply;

(b) where a credit facility is offered as part of this service, it is reasonable and proportionate and in place only for the purpose of managing the level of payments to be made by a member in respect of relevant bills over a defined period; and

(c) the credit union accounts separately in its books for all such transactions.

5. Money remittance service, that is to say a money remittance service the credit union may provide to its members, subject to the following conditions:

(a) this service is provided on an agency basis;

(b) the credit union is indemnified for the provision of this service under an insurance policy in accordance with section 47 of the Act;

(c) the credit union charges the members any expenses incurred for the provision of these services; and

(d) the credit union accounts separately in its books for all such transactions.

6. Automated teller machine services (ATMs), that is to say a service which enables a credit union member to withdraw funds from the member's credit union account by means of a credit union branded ATM card, subject to the following conditions:

(a) the terms and conditions of use of such a card are agreed by the credit union and the member; and

(b) the member completes a registration or application form prior to the issue of the card.

7. Euro drafts and bureau de change, that is to say a service the credit union may provide to its members whereby a credit union member may —

(a) purchase euro drafts,

(b) purchase foreign currency drafts, travellers cheques and travel money cards, or

(c) purchase or sell foreign currency;

subject to the following conditions:

- (i) these services are provided on an agency basis;
- (ii) the credit union is indemnified for the provision of these services under an insurance policy in accordance with section 47 of the Act;
- (iii) the credit union charges members availing of these services any expenses incurred for the provision of these services; and
- (iv) the credit union accounts separately in its books for all such transactions.

8. Gift cheques, that is to say a service by which a credit union member may purchase a cheque made payable to a third party in return for payment of that amount, subject to the condition that the credit union accounts separately in its books for all such transactions.

9. Savings stamps, that is to say a service by which a credit union member may purchase savings stamps issued by the credit union, subject to the following conditions:

- (a) the credit union maintains systems and controls to ensure that the status of all savings stamps, issued by the credit union from 1 January 2025, is tracked by the credit union at all times and that up-to-date records are maintained by the credit union attributing the beneficial ownership of any such savings stamps purchased by a member to the member;
- (b) savings stamps purchased by a member are non-transferable between members; and
- (c) the credit union accounts separately in its books for all such transactions.

10. Member prize draws, that is to say a service under which the credit union carries out prize draws for which members are eligible to enter on payment of an entry fee or subscription, subject to the following conditions:

- (a) such draws are conducted on a break-even basis;
- (b) the credit union has a policy in place setting out the principles governing such draws which is reviewed by the board of directors as often as is necessary;
- (c) the credit union has documented operational procedures in place detailing the operation of such draws;

(d) such draws operate in a clear and transparent manner with appropriate systems and controls in place;

(e) members are only included in such draws where they have given their written consent for inclusion in advance of their inclusion in any such draw;

(f) written consent is obtained from each member, in advance of their inclusion in any such draw, for the deduction of entry fees for such draws from a member's account with the credit union, and a record of this is maintained by the credit union;

(g) the credit union documents clear terms and conditions, to be provided to participating members in advance of their participation in such draws;

(h) the credit union notifies winning members in writing and without delay;

(i) officers directly involved in the operation of such draws are excluded from participating in such draws;

(j) an independent observer attends all such draws and the person operating the draw and the independent observer sign the results at the conclusion of each such draw;

(k) the credit union's external auditor reviews, on an annual basis, all transactions in the prize draw; (l) the credit union accounts separately in its books for all transactions relating to the operation of such draws;

(m) prize draw transactions and balances are reported separately in the credit union's annual accounts; and

(n) the credit union maintains full and proper records relating to the operation of each such draw for a period of at least 6 years from a draw taking place or such longer period as may be required by law and in the case of records relating to member consent for inclusion in, or member withdrawal from participation in, such draws, a period of 6 years from a member's last participation in a draw to which the consent relates or 6 years from receipt by the credit union of the member's withdrawal respectively.

11. Will making, that is to say a service whereby the credit union may arrange for a solicitor to attend at the credit union's premises for the purpose of taking instructions and drawing up wills and other testamentary documents for credit union members, subject to the following conditions:



(a) the credit union ensures that the solicitor concerned is a practising solicitor within the meaning of the Solicitors Act 1954; and

(b) the credit union ensures that the solicitor concerned is one in respect of whom a policy of professional indemnity insurance under the Solicitors Act 1954 is in force in respect of such services.

12. Electricity budget meter cards or tokens, that is to say a service by which a credit union member may purchase electricity budget meter cards or tokens from the member's credit union to facilitate payment of the member's electricity expenses.

13. Member insurance services, that is to say any service the credit union may provide to its members in respect of each of the following categories of insurance:

(a) loan protection insurance;

(b) life savings insurance;

(c) death benefit insurance;

including related riders, subject to the condition that the insurance contract is between the insurance undertaking and the credit union such that the credit union is the policy holder.

14. Insurance intermediation services on an introduction basis only, that is to say any service whereby a credit union member may be introduced by the credit union to an insurance intermediary or an insurance undertaking (hereinafter either intermediary or undertaking shall be referred to as "regulated entity"), for the purpose of obtaining insurance related services ("services"), subject to the following conditions:

(a) prior to introducing a credit union member to a regulated entity for the purpose of obtaining the services, the credit union has undertaken an assessment of the financial and other implications for the credit union of the provision of the services and has, on the basis of that assessment, determined that there is no undue risk to members' savings;

(b) the credit union ensures that adequate compensation is available to those members in respect of negligence, fraud or other dishonesty on the part of officers of the credit union in connection with the provision of the services;

(c) the credit union ensures that no officer of the credit union receives remuneration directly or indirectly in respect of the services;

(d) the credit union ensures that the services are on an introduction basis only, where the credit union introduces the member to the regulated entity and the credit union does not undertake insurance distribution as defined in Regulation 2 of the European Union (Insurance Distribution) Regulations 2018;

(e) the credit union ensures that a clear distinction exists between the business of the credit union and that of the regulated entity;

(f) the credit union ensures that any marketing material relating to the services clearly identifies the regulated entity providing the services to the member and this shall extend to all signage, stationery or other branding of whatever kind relating to the services; and

(g) the credit union ensures that any contract arising from the provision by the credit union of the services is between the regulated entity and a credit union member and that the credit union is not party to any such contract.

15. Other intermediation services, that is to say:

(a) any service for which the credit union holds an authorisation under or pursuant to the Investment Intermediaries Act 1995;

(b) any service for which the credit union holds a registration under or pursuant to the European Union (Insurance Distribution) Regulations 2018;

(c) any mortgage credit intermediary service within the meaning of the European Union (Consumer Mortgage Credit Agreements) Regulations 2016;

(d) any mortgage intermediary service within the meaning of the Consumer Credit Act 1995, where the credit union is a mortgage lender within the meaning of the Consumer Credit Act 1995;

(e) any mortgage intermediary service for which the credit union holds an authorisation as a mortgage intermediary within the meaning of the Consumer Credit Act 1995;

(f) any service whereby a credit union arranges, or offers to arrange, for a mortgage lender as defined in the Consumer Credit Act 1995 to provide a credit union member with a housing loan as defined in the Consumer Credit Act 1995, or introduces a credit union

member to an intermediary who arranges, or offers to arrange, for a mortgage lender to provide the credit union member with such a loan and where the credit union does not receive commission or some other form of consideration for that service; and

(g) any service whereby a credit union is merely introducing, either directly or indirectly, a credit union member, to a creditor or credit intermediary as defined in the European Union (Consumer Mortgage Credit Agreements) Regulations 2016, and the credit union does not for remuneration undertake any of the activities referred to in Regulation 4(2) of the European Union (Consumer Mortgage Credit Agreements) Regulations 2016;

subject to the condition that at least 30 days before it intends to make any of the services described in paragraphs (c) and (d) available to members, the credit union submits a notification to the Bank, in a form to be published by the Bank on its website from time to time, to inform the Bank of the service it intends to provide and the date from which the credit union intends to make the service available to members.

16. Group health insurance schemes, that is to say a service by which a credit union may provide to its members a discount scheme with an undertaking, which is registered in the Register of Health Benefits Undertakings within the meaning of the Health Insurance Act 1994.

17. Personal Retirement Savings Account (PRSA), that is to say any service whereby —

(a) a credit union member may be introduced to a PRSA Provider by the member's credit union for advice on the provision of a PRSA, or

(b) when such an introduction takes place, a credit union may make facilities at its premises available to a PRSA Provider to enable it to provide such advice,

subject to the following conditions:

- (i) the service is on an introduction basis only, where the credit union introduces the member to a PRSA Provider with which it has entered into an arrangement for this purpose, and the credit union does not provide any advice to a member in relation to a PRSA;
- (ii) a credit union intending to enter into an arrangement with a PRSA Provider notifies the Bank in writing of such intention not less than 7 days before entering into such an arrangement;
- (iii) the credit union only has such an arrangement with one PRSA Provider at any one time in relation to the service;

- (iv) any contract arising from the service is between the PRSA Provider referred to in subparagraph (iii) (“contracting PRSA Provider”) and a credit union member, and the credit union concerned is not a party to any such contract;
- (v) the credit union does not permit its premises to be used for the purposes of arranging or offering to arrange the provision of a PRSA to a member of the credit union by a PRSA Provider other than the contracting PRSA Provider;
- (vi) the credit union ensures that a clear distinction is drawn between the business of the credit union and that of the contracting PRSA Provider and this shall extend to all signage, stationery or other branding of whatever kind;
- (vii) the credit union states on its letterhead and business forms which are used for the purposes of the service that the credit union acts as an introducer solely for the contracting PRSA Provider; and
- (viii) the credit union ensures that no officer of the credit union receives remuneration directly or indirectly from the contracting PRSA Provider in respect of that service.

### 3. Guidance

Further guidance and forms in relation to credit union services may be found on the Central Bank [website](#).

#### 3.1 Credit Union Services

Credit unions provide savings and loans under Part III of the 1997 Act – these are generally considered the core services of a credit union. Generally, other services are categorised as ‘additional services’ and require approval from the Central Bank under the additional services provisions – sections 48-52 - of the 1997 Act. However, in accordance with section 48(2) of the 1997 Act, the Central Bank can, by regulations, prescribe services as being excluded from being additional services and may make such exclusion conditional on compliance with such conditions as may be prescribed by the Central Bank; these prescribed services are generally referred to as ‘exempt services’.

Under Regulation 48 of the Regulations, the Central Bank has prescribed a list of such exempt services; these exempt services and associated conditions are set out in Schedule 2 (the Exempt Services Schedule) of the Regulations. In November 2024, the Central Bank made the Credit Union Act 1997 (Regulatory Requirements) (Amendment) (No. 2) Regulations 2024 (The 2024 No. 2 Regulations) which introduced changes to the exempt services provisions of the Regulations, in particular by amending Regulation 48 and by substituting a new and updated Exempt Services Schedule for the previous Schedule 2 to

the Regulations. The changes introduced by the 2024 No. 2 Regulations are effective from 1 January 2025.

## 3.2 Member Prize Draws

### 3.2.1 Governance and Audit

The Central Bank's expectation is that, where a credit union is operating a draw for its members, it will be done in a clear and transparent manner with appropriate systems and controls in place, including effective systems of control to ensure that the credit union complies with the conditions attaching to the provision of member prize draws as set out in paragraph 10 of the Exempt Services Schedule.

Condition (k) of paragraph 10 states that 'the credit union's external auditor reviews, on an annual basis, all transactions in the prize draw'. In this regard, the Central Bank expects that where a member prize draw is operated by a credit union that it would fall within scope of the audit work program being undertaken by the external auditor. It is the Central Bank's expectation that the auditor would assess, on a sample basis and in line with materiality as determined by the external auditor, transactions related to the member prize draw and that the scope of the work of the external auditor in this regard may be informed by the work undertaken and assurances (or otherwise) provided by the internal auditor during the financial year. Furthermore, credit unions should discuss the findings from the Thematic Review of Prize Draws in Credit Unions published in March 2018<sup>1</sup> (the Thematic Review Report) with their auditors in preparing for the external audit of credit unions.

We also draw attention to a number of requirements of section 108 of the 1997 Act that relate to accounting records:

- section 108(2)(a) of the 1997 Act requires that the accounting records of a credit union must correctly record and explain the transactions of the credit union;
- section 108(3)(a) requires that accounting records contain "entries from day to day of all sums of money received and expended by the credit union and the matters in respect of which the receipt and expenditure take place";
- section 108(3)(c) requires that in respect of the provision of services the accounting records of a credit union contain a record of services provided and all transactions relating to them.

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<sup>1</sup> <https://www.centralbank.ie/docs/default-source/Regulation/industry-market-sectors/credit-unions/communications/reports/prize-draws-in-credit-unions-thematic-review-findings-march-2018.pdf>

### 3.2.2 Terms and conditions

The Central Bank expects the terms and conditions, to be provided to members in advance of their participation in member prize draws, to include items such as:

- eligibility criteria for entry into the draw and the process for entering the member prize draw, including whether volunteers and/or are eligible to enter);
- how the draw fee will be collected;
- information on when and where draws will take place;
- how winners will be advised of their win;
- how any surplus funds arising from the draw, during the relevant budget period, be that either on a financial year basis (30 September) or calendar year basis (31 December), will be dealt with;
- how members participating in the draw will be recorded; and
- how the draw will be accounted for and audited (e.g. by internal and external audit).

### 3.2.3 Guidance arising from recommendations of the Thematic Review of Prize Draws in Credit Unions

The Thematic Review Report, published in March 2018, set out key findings and recommendations arising from the Thematic Review of Prize Draws in Credit Unions. Those recommendations were also incorporated in guidance, updated at that time, for credit unions when operating a member prize draw.

The Central Bank has formalised a number of the recommendations set out in the Thematic Review Report by incorporating them, as appropriate, as conditions attaching to the provision of member prize draws as an exempt service in the Exempt Services Schedule as updated by the 2024 No. 2 Regulations.

The recommendations contained in the Thematic Review Report are set out below in full, including, for completeness, those recommendations which are now included as conditions attaching to the provision of member prize draws as an exempt service.

#### *Governance Recommendations*

- There should be a policy in place setting out the principles governing the draw, and this should be reviewed by the board on an annual basis.
- Any changes to operational procedures should be reviewed and approved by senior management.
- The procedure document should be reviewed and updated on a regular basis, and this should be recorded to ensure that the most recent version is used.
- Introductions of prize draws in a credit union should be approved by the Board.
- All decisions taken by a board should be recorded in the minutes, and retained securely.

#### Recommendations on Conducting a Member Prize Draw on a Break-even Basis:

- The board should review the operation of the prize draw regularly to ensure that it complies with the condition set out in the Regulations to be conducted on a 'break-even basis'.
- All subscriptions collected from members should only be used to pay for prizes and operating costs of the draw.
- An annual budget should be prepared forecasting the income and expenditure for the draw, allowing prizes to be adjusted to ensure the draw is operated on a break-even basis. This could be either on a financial year basis (30 September) or calendar year basis (31 December).
- Regular reconciliations on the prize draw should be prepared, signed by the preparer, independently reviewed, and presented to the Board at least annually.

#### *Member Participation Recommendations*

- Written consent should be obtained from each member to commence deductions for entry fees into a prize draw, and a record of this should be maintained by the credit union.
- The terms and conditions provided to members should clearly state the requirements for participation in the prize draw.
- All written instructions from members in relation to participation in the prize draw should be retained securely by the credit union.
- Detailed records should be maintained on which members are included in each draw.
- The terms and conditions should clarify whether staff, board and volunteers can participate in the prize draw. Boards should also consider whether related parties should participate.

#### *Operation of Prize Draw Recommendations*

- The steps involved in the operation of the prize draw should be clearly documented.
- All draws should be conducted in line with the terms and conditions which have been communicated to members.
- To avoid reputational risk, and ensure independence and impartiality, all staff and volunteers directly involved in the operation of the prize draw should be excluded from participating in the prize draw.
- All draws should be attended by an independent observer, and draw results signed by the person operating the draw and by the independent observer.
- Winning members should be notified via written communication, with a copy kept on file, to ensure an audit trail of the communication.
- Details of all the winners should be made available to all members (with their consent and in compliance with Data Protection legislation) using methods such as:

- Credit union website and social media and in any newsletters to members
- Credit union public office
- AGM booklet
- To ensure an audit trail, where possible, all cash prizes should be lodged directly to a member's account.
- Where prizes are not paid directly to a member's account, a signed record of receipt of the prize by the member should be maintained on file as an audit trail.
- A written record of the selection should be retained on file where a member has a choice of prize e.g. cash alternative in lieu of car prize.

#### *Recording of Financial Transactions Recommendations*

- Prize draws should be regularly reviewed by both internal and external audit to ensure that systems and controls in place are operating as expected. Observations from internal and external audit must be implemented.
- There should be a segregation of duties between staff processing transactions and those reconciling / reviewing those transactions.
- A periodic reconciliation of the prize draw account should be completed. The reconciliation should be prepared at an appropriate level and reviewed and approved by senior management.
- All bank account reconciliations for prize draws should be reviewed and approved by a person independent of the preparer.
- Transactions in the prize draw should be reviewed on an annual basis by the external auditor, and prize draw transactions and balances should be reported separately in the annual accounts.