

Boyle Credit Union,
Green Street,
Boyle,
Co. Roscommon
14th February 2017

Review of Minimum Competency Code 2011 CP106

A Chara,

The Board and Management of Boyle Credit Union Limited welcome the opportunity to submit our comments in regard to the revised Draft Minimum Competency Code.

We are strongly of the view that the highest possible standards of knowledge and skill in product formulation and product delivery as well as the highest possible standard of governance is applied in regard to provision of mortgage and similar products. We acknowledge that we all have a duty to serve our members by being in a position to formulate products that best meet their needs and that those products are fully in line with all legislative and regulatory requirements. We also need to be able to ensure that not only is the correct product available, but that all terms and conditions relating to same are clearly and fully outlined to our member. It is also essential that we are able to clearly discern that the member is capable of meeting the terms and commitments appertaining to the product.

As Directors of our Credit Union we are fully cognisant of our governance role and the need for board members to be sufficiently enlightened and educated in relation to the products that our credit union is providing, as otherwise it would not be possible to exercise our role as leaders and policy shapers of our credit union.

However, we feel that some of the proposals are too far reaching and would create undue difficulties for credit unions, and especially the smaller ones. Furthermore, we feel that if implemented in full and within the timelines proposed, it would further widen the gap between the commercial financial institutions and the credit union sector, thus increasing the already unfair advantage that is being enjoyed by the commercial banking sector.

The main issues, as we see them, are as follows;

STAFF; Each credit union is independently run with small numbers of staff. The proposal to have ALL member-facing staff requiring appropriate qualifications on all products on offer is unrealistic. Because credit unions have small teams of staff, and because of contingencies relating to absences on annual leave, sick leave etc., the staff have to be multi-functional by necessity. While most credit union staff have substantial MCC qualifications, this proposal will mean ALL staff having to acquire the new qualifications. The contracts of employment of many staff may not have stipulations

regarding such educational requirements. Does it mean that staff who decline to acquire such qualifications will have to be dismissed—with all the consequences? Alternatively, does it mean hiring staff with such qualifications, or who are prepared to obtain the qualifications will have to be hired in addition to the existing staff?

We recommend that credit unions should be required to have a minimum of 2 staff holding the necessary qualifications, with perhaps a stipulation that all future appointees have the qualifications, or commit to acquiring the appropriate qualifications within a specified timeframe. I should point out that commercial banks can get around such situations by transferring from one branch to another.

We have concerns regarding the proposed stipulation that staff MUST have at least 6 months experience performing relevant services as well as having the appropriate qualifications. Where will staff obtain the experience if the services are only being introduced by the credit union?

We feel that the “grandfathering” process be allowed to continue for this 6 month period, and that it be continued for longer if considered necessary.

BOARD

We consider that the proposal that ALL board members hold the appropriate qualifications to meet the competencies specified in Schedule 1 of the MCC Regulations is very idealistic and aspirational, but not totally practical. Board members are volunteers who are recruited by the Board’s Nominating Committee on the basis that they possess a range of competencies that make them suitable to run the affairs of the credit union. They should come from a range of backgrounds and professions representative of the credit union’s common bond, but with sufficient business acumen.

It is unrealistic that ALL of them will have the time to procure the formal qualifications. Ideally all of them would do so, but most have their own lives and jobs and some may not have the time to acquire the qualifications. We would suggest that a minimum of 50% of the board be required to possess the formal qualifications. Bearing in mind that the other board members have substantial business acumen, we would be satisfied that a board of this type of mix would be sufficient. This will be in addition to the already provided for Pre-Controlled Functions. It could be further stipulated that the Chairperson and Secretary should hold these qualifications.

We would also suggest that the Internal Auditor and Risk and Compliance officers would hold appropriate qualifications to enable adequate supervision and provision of advice.

QUESTIONS

The following are our answers to the Questions posed in you Consultation Document;

1. We agree that persons carrying out relevant functions in respect of a retail product should have minimum level of experience prior to working without supervision. As stated above, we consider that “grandfathering” should be allowed –as stated above.
2. As stated above, we feel that 6 month “grandfathering” period be allowed, and that it be extended if considered necessary.

3. We welcome the introduction of “ certificate of experience” and that supporting evidence be retained. This is on assumption that there is at least one person available, be it staff or Internal Auditor or Risk and Compliance Officer who is suitable qualified to certify.

6. We agree that at least 2 persons be available, with minimum qualifications appropriate to the service being provided. We further suggest that where that qualification is not available initially, that a short (Max 6 months) assistance in form of “grandfathering” be provided by an outside provider, rather than delaying the introduction of the relevant service. Time is of the essence.

7. As stated at 6 above, a 6 month period for introduction is recommended.

8. As stated above, a mix of minimum of 50% of board with competencies required and remainder not necessarily having qualification, should be acceptable. There should be a 2 year period for the minimum of 50% board membership to acquire the competency.

9. At least 2 staff members should hold suitable reassurance distribution activities qualifications.

Martin Dolan

Chairperson

On behalf of

Boyle Credit Union Limited