

**SUBMISSION BY**

**C.U.M.A.**

**The Credit Union Managers Association**

**to the**

**Central Bank of Ireland**

**in response to the**

**Consultation on the Authorisation Requirements and**

**Standards for Debt Management Firms and the**

**Amendment of the Minimum Competency Code 2011**

**23<sup>rd</sup> September 2013**

The Credit Union Managers Association (CUMA) is the professional representative association for Managers of credit unions in Ireland.

CUMA provides professional development training and assistance to its members and engages with a wide range of stakeholders and industry bodies in its pursuit of excellence in professional standards in credit union management.

CUMA appreciates the opportunity to provide feedback on the Consultation on the Authorisation Requirements and Standards for Debt Management Firms and the Amendment of the Minimum Competency Code 2011.

## **QUALIFICATION**

The definition of debt management services in the Central Bank Act 1997 (the "Act") is as follows:-

- a) *Giving advice about the discharge of debts (in whole or in part), including advice about budgeting in connection with the discharge of debts,*
- b) *Negotiating with a person's creditors for the discharge of the person's debts (in whole or in part), or*
- c) *Any similar activity associated with the discharge of debts*

CUMA notes it is proposed that the qualification of 'Qualified Financial Advisor' (Institute of Bankers School of Professional Finance, LIA and the Insurance Institute of Ireland) will be included in the Minimum Competency Code 2011 ('the MCC') as a recognised qualification for persons exercising certain functions in debt management firms.

CUMA proposes that such persons exercising functions in debt management firms would have additional qualifications, in addition to the Qualified Financial Advisor designation.

Debt Management Firms deal with people in vulnerable situations. They are also expected to engage and negotiate with creditors effectively, make reasonable proposals on behalf of debtors, and manage creditors effectively.

CUMA notes that *Part 1 of the MCC, which is issued pursuant to Section 50 of the Central Bank Reform Act, 2010, specifies certain minimum competency standards with which persons falling within its scope must comply when performing controlled functions and pre-approval controlled functions.*

CUMA proposes the amendment to the MCC be extended to include, at a minimum, other qualifications and expertise in pensions, investments, taxation, accounting and legal advice. It would be appropriate to expect debt management firms and their personnel to hold such qualifications and to prove such expertise before they are registered and on an ongoing basis thereafter.

## **Part A**

### **4. ORGANISATION AND MANAGEMENT**

#### **4.6**

##### **INTERNAL AUDIT**

CUMA concurs that a Debt Management Firm should have an internal audit function and that it should maintain up to date internal control and reporting arrangement and procedures to ensure the business is managed in accordance with all relevant legislation and regulatory requirements and in line with industry best practice.

##### **CLIENT FUNDS**

CUMA proposes that a client's funds should, at all times, be either bonded or guaranteed in the event of a Debt-Management Firm being wound up or in the event of fraud, or should remain under the sole control of the client until payment is made to the receiving creditor. CUMA believes that potentially vulnerable persons should not have scarce funds put at risk resulting from company failure or fraud.

**ADVERTISING**

CUMA proposes that the Central Bank be given the power to issue binding guidelines in relation to the content and accuracy of advertising by Debt Management Firms.

Yours faithfully



**John Hickey**  
Chairman  
CUMA